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SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, NOVEMBER 12, 2002
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - October 29, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report
      - Rincon Park

4. **CONSENT**

   A. Approval of First Amendment to maritime industrial lease with Pacific Cement Company, L.L.C. for space at Seawall Lot 352. (Resolution No. 02-56) (Staff report provided to the Commission.)

   B. Request for approval to amend Lease No. L-12692 with American Red Cross, Bay Area Chapter, affecting shed space at Pier 27. (Resolution No. 02-57) (Staff report provided to the Commission.)

   C. Request for Port Commission ratification of Port Deputy Director of Real Estate approval of eight (8) sublease agreements by various fish processing tenants at Pier 45, Sheds B and D. (Resolution No. 02-58) (Staff report provided to the Commission.)

5. **PLANNING & DEVELOPMENT**

   A. Informational presentation on joint work program with the Bay Conservation and Development Commission (BCDC) to study potential revisions to the BCDC Special Area Plan and the Port's Waterfront Land Use Plan for the Fisherman's Wharf Area. (Staff report provided to the Commission.)

3 1223 06446 3830

B. Request for approval to authorize extension to Exclusive Right to Negotiate Agreement with The Mills Corporation for Proposed Mixed-Use Recreation Project located at Piers 27 through 31, and Request for Supplemental Appropriation to expend $130,000 in extension fees received from Developer. (Resolution No. 02-55) (Staff report provided to the Commission.)

6. REAL ESTATE

A. Request for approval of Maintenance and Management Agreement with the Redevelopment Agency of the City and County of San Francisco for Rincon Point Park. (Resolution No. 02-59) (Staff report provided to the Commission.)

B. Request for approval to amend Lease No. L-12778 with Bauer's California Coach Sales & Service (dba Bauer Limousine) for storage and operation of ground transportation services at Pier 27. (Resolution No. 02-60) (Staff report provided to the Commission.)

7. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion and Action Items)

a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 cases):

- F. Alioto Company, Inc. et al. v. City & County of San Francisco, et al., S. F. Superior Court Case No. 318360, filed January 25, 2001.

- CCSF v. Brown Dirt Cowboy, San Francisco Superior Court No. 603801 Discussion and approval of proposed settlement of litigation.

2 50351 SFPL: ECONO JRS
45 SFPL 04/09/04 70

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case as defendant).

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Marine Terminals Corporation: Jim Wiltshire

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

b. Property: Seawall Lot 330
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*City Parking Company: Richard Stein

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Seawall Lot 330.

c. Property: Piers 45
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*Red & White Fleet: Tom Escher

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Port property located at Piers 45.

d. Property: Pier 23
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*Pier 23 Cafe: Flicka McGurrin

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 23.

e. Property: Pier 45 Shed A
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*S.F. Maritime Park Association: Gail Miller

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 45 Shed A.

f. Property: Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality Inc.: Lawrence Lui

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at the Embarcadero.

g. Property: Pier 26
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*International Museum for Women: Elizabeth Colton

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 26.

h. Property: Piers 1-½, 3 & 5
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Waterfront Partners, LLC: Simon Snellgrove

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Port property located at Piers 1-½, 3 & 5.

9. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

10. ADJOURNMENT

NOVEMBER/DECEMBER 2002
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
November 12	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
December 10	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Environmental Quality Advisory Committee (EQAC) will be held on the fourth Wednesday of the month, at 9:00 a.m. at Scoma's Restaurant, Pier 47. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on the third Thursday, every other month at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1: Pier 1 is located on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1: The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy: In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Nita Mizushima, Chief Harbor Engineer, at 274-0559. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at ww.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

November 7, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval First Amendment to maritime industrial lease with Pacific Cement Company, L.L.C. for space at Seawall Lot 352

DIRECTOR'S RECOMMENDATION: APPROVE FIRST AMENDMENT TO MARITIME INDUSTRIAL LEASE WITH PACIFIC CEMENT COMPANY, L.L.C. FOR SPACE AT SEAWALL LOT 352

BACKGROUND

On June 26, 2001, by Resolution No. 01-50, the Port Commission approved maritime industrial lease No. L-13094 with Pacific Cement Company, L.L.C. ("Pacific Cement") for the purpose of developing a maritime dry bulk cargo terminal and ready-mix facility. This is in accord with the Port Maritime staff's Marketing Plan which identifies bulk building materials such as cement, sand, gravel and other aggregate products as targeted cargo for maritime revenue generation. This lease is projected to generate $449,250 in the first year of operation.

The Lease allows Pacific Cement to handle and store cement and aggregate products to support the operation of a concrete ready-mix plant. A major component of the Pacific Cement plan is to use the Port's berthing facilities at Pier 94 to unload bulk aggregate materials from barges. The aggregate would then be moved by a proposed conveyor system to a storage facility within the tenant's Premises. The proposed ready-mix plant will mix the cement and aggregate materials to produce ready-mix concrete.

Pursuant to the Lease, the term of the Lease shall commence on the date upon which all of the following conditions have occurred: (i) Facility design review and the issuance of a Building

RT OF SAN FRANCISCO TEL: 415.274.0400 TTY: 415.274.0887 ADDRESS:

Permit by the Port of San Francisco allowing construction of the Tenant Improvements as described in the Lease; (ii) compliance with all applicable required mitigation measures from the Southern Waterfront Supplemental Environmental Improvement Report (SEIR); (iii) the approval by Port of Tenant's Storm Water Pollution Prevention Plan as described in the Lease; (iv) Tenant's Payment toward Infrastructure Improvements as described in Section 40.4 of the Lease, and (v) if required, the issuance of a permit from the Bay Conservation and Development Commission.

The aforementioned conditions were to have been met on or before July 31, 2002 ("Condition Satisfaction Date"). Pacific Cement has not met the required conditions because of difficulties obtaining financing for the project.

Pacific Cement has made a financial proposal to the Port that would require an extension of the Condition Satisfaction Date to June 30, 2003.

Pacific Cement proposes that upon execution of the Amendment to Lease No. L-13094 and approval of the final construction plans by the Port of San Francisco, Pacific Cement will commence construction of the new ready-mix facility and the required site work. Construction of the ready-mix facility is anticipated to be completed by June 2003. Furthermore, Pacific Cement shall upon execution of the Amendment to Lease No. L-13094, pay $247,485 for infrastructure improvements as specified in the Lease. Pacific Cement estimates the total construction budget for the new ready-mix facility will be approximately $5.5 Million Dollars, of which $4.5 Million will be allocated for the acquisition of ready-mix equipment and $1.0 Million for improvement costs.

Pacific Cement proposes to finance the construction of the ready-mix facility with tax-exempt private activity bonds issued by the California Infrastructure and Economic Development Bank (the "Infrastructure Bank"). Pacific Cement has engaged the professional services of Banc of America Securities, LLC, as underwriter of the tax-exempt bonds, and Pillsbury Winthrop LLP, as counsel to Pacific Cement, to facilitate the tax-exempt bond financing of the ready-mix facility through the industrial development bond program of the Infrastructure Bank.

The Infrastructure Bank is a public agency within the Technology, Trade and Commerce Agency of the State of California, authorized and empowered to issue tax-exempt bonds and to loan the bond proceeds to entities such as Pacific Cement.

Port staff has negotiated the terms and conditions of a First Amendment to the Lease which are discussed below.

PROPOSED FIRST AMENDMENT TO LEASE

The following is an outline of the First Amendment to Lease No. L-13094 with Pacific Cement for premises located at Seawall Lot 352.

1. **Premises:** The First Amendment will amend the Premises by: (i) realigning the Premises footprint in order to accommodate the construction of the proposed Amador Street extension,

as shown on Exhibit A, attached hereto; (ii) add, under a license, approximately 6,000 sq.ft. of open land for the installation and operation of an aggregate conveyor system; and (iii) allow the Port to reserve a future easement across a portion of the southern half of the Premises for the possible future implementation of the Port's Stormwater Management Plan.

2. **Rent**: The Lease will be amended to reflect additional rent for the added license area of approximately 6,000 sq.ft. at $.16 per sq.ft., which equals an additional $960.00 in monthly rent.

3. **Condition Satisfaction:** The Lease will be amended to extend the Condition Satisfaction Date to June 30, 2003.

4. **Infrastructure Improvements:** Tenant agrees to make a one time payment to the Port in the amount of $247,485 upon execution of the First Amendment to Lease, which Port shall allocate toward the construction of the Illinois Street Intermodal Bridge, the "Gateway Project" or other as yet-to-be defined projects.

Prepared by: Mark W. Lozovoy, Assistant Deputy Director, Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-56

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, on June 26, 2001, by Resolution No. 01-50, the Port Commission approved a maritime industrial Lease No. L-13094 with Pacific Cement Company L.L.C. ("Pacific Cement") for the purpose of developing a maritime dry bulk cargo terminal and concrete ready-mix facility; and

WHEREAS, Pacific Cement has a financial proposal to the Port which would require an extension of the Condition Satisfaction Date to June 30, 2003; and

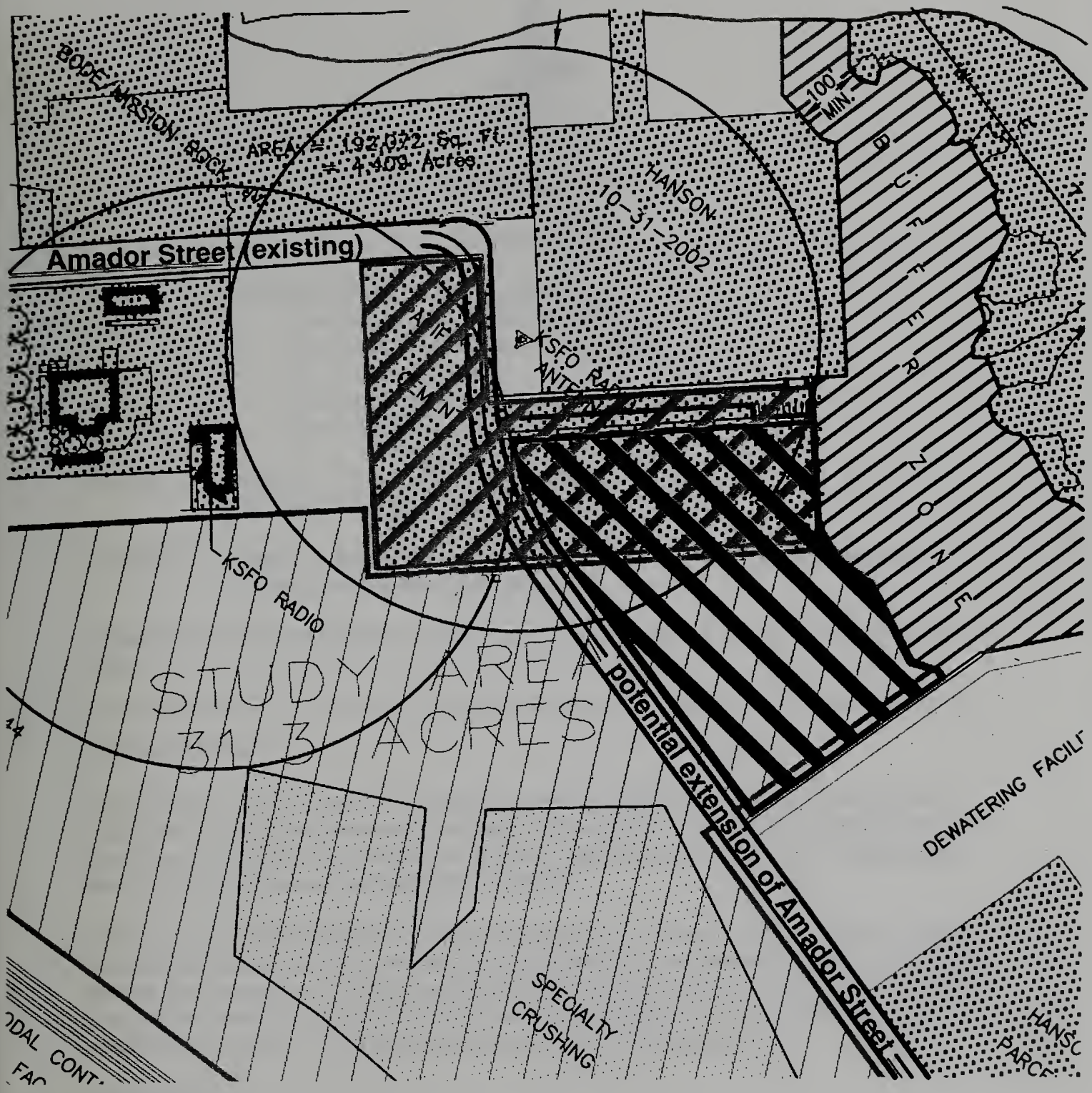
WHEREAS, Pacific Cement shall upon execution of the First Amendment to Lease No. L-13094, pay $247,485 for infrastructure improvements as specific in the Lease, and

WHEREAS, the Lease Premises will be realigned in order to accommodate the construction of the proposed Amador Street extension; and NOW THEREFORE, BE IT

RESOLVED, that the San Francisco Port Commission hereby approves a First Amendment to a maritime industrial lease No. L-13094 between the Port and Pacific Cement for a concrete ready-mix plant and maritime dry bulk cargo terminal facility at Seawall Lot 352 upon terms and conditions, in substantially form of lease amendment on file with the Commission Secretary, with such minor modification as may by be approved by the City Attorney's office, consistent with the terms and conditions are set forth in the Memorandum of Agenda Item 4A for the November 12, 2002 Port Commission Meeting, and authorizes the Executive Director to take such further action, in consultation with the City Attorney's office, to implement the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 12, 2002.

_____
Secretary



ORIGINAL CONFIGURATION OF LEASE (4.69 ACRES)

RECONFIGURED LEASE (4.69 ACRES)

EXHIBIT A

north

RECONFIGURED PACIFIC CEMENT LEASE

Port of San Francisco

October ,2002

PORT OF SAN FRANCISCO

MEMORANDUM

November 6, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request to Amend Lease No. L-12692 with American Red Cross, Bay Area Chapter, affecting shed space at Pier 27.

DIRECTOR'S RECOMMENDATION: AMEND LEASE NO. L-12692 AS OF AUGUST 1, 2002.

BACKGROUND:

On November 10, 1998, the Port Commission approved, and the Port and the American Red Cross, Bay Area Chapter subsequently entered into, Lease No. L-12692 for 10,000 square feet of shed space in Pier 27. The initial term of the lease was three years from July 1, 1999 through June 30, 2002 at a base rent of $1,000.00 per month.

Pier 27 is now part of the Mills Project development area. The Port's objectives include tenant retention and reduction of the termination notice requirement per the lease from six (6) to two (2) months. The existing notice requirement would require the Port to give notice to vacate almost a year prior to transfer by the Port to Mills, currently expected to be March 31, 2004. This could potentially leave the Port with a relatively long vacancy period for this space.

PROPOSAL:

The American Red Cross has agreed to a one-year lease extension effective August 1, 2002. Rent will continue under the CPI-adjusted rent provisions of the current lease and the notice requirement "4.2" paragraph has been amended from a six (6) to a two (2) month notice to vacate. The tenant signed a Stipulation for Entry of Judgment that they will not contest an eviction, should that become necessary.

This Print Covers Calendar Item No. **4B**

RECOMMENDATION:
Port staff recommends amending Lease No. L-12692 to enter into a new one-year term effective August 1, 2002. New standard lease provisions have been added and Paragraph 4.2 is amended to provide for two (2) months' notice to vacate.

This lease extension fulfills the Port's objectives of extending and amending leases at Piers 27, 29 and 31 on a short term basis to maintain revenue stream until the property is transferred per the Port's agreement with Mills.

Prepared by: Claudia Davison, Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-57

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port areas of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g) leases granted and made by the Port should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on July 1, 1999, the Port entered into Lease No. L-12692 (the "Lease") with American Red Cross, Bay Area Chapter affecting 10,000 square feet of shed space at Pier 27; and

WHEREAS, American Red Cross, Bay Area Chapter has requested a one-year extension of their Lease; and

WHEREAS, American Red Cross, Bay Area Chapter, has agreed to enter into a Stipulation for Entry of Judgment in the event they fail to vacate in a timely fashion; and

WHEREAS, Port staff believes that the lease extension satisfies the objectives of both Landlord and Tenant; now therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to amend Lease No. L-12692 to extend the Tenant's term of occupancy by one year effective August 1, 2002 and all other terms be consistent with the terms set forth in the memorandum to the San Francisco Port Commission for Agenda Item 4B for the Port Commission meeting of November 12, 2002.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of November 12, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

November 6, 2002

TO: Members, Port Commission
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for Port Commission Ratification of Port Deputy Director of Real Estate Approval of Eight (8) Sublease Agreements With Various Fish Processing Tenants at Pier 45, Sheds B and D.

DIRECTOR'S RECOMMENDATION: RATIFY APPROVAL BY PORT DEPUTY DIRECTOR OF REAL ESTATE OF EIGHT (8) SUBLEASE AGREEMENTS.

ACTION REQUESTED:
Port Commission ratification of the Port Deputy Director of Real Estate approval for the following subleases is requested for eight (8) sublease agreements between the following fish processing tenants and related subtenants located at Pier 45, Sheds B/D:

Tenant: Seafood Wholesale; Pier 45, B-11A.
Subtenant: West Bay Seafood Company; 5,504 s.f. shed space and 1,298 s.f. non-exclusive apron space; February 9, 2001.

Tenant: Peninsula Seafood of San Bruno, Inc. (dba All Shores Seafood); Pier 45, B-5.
Subtenant: Mahoney's Seafood; 1,200 s.f. shed space; June 26, 2001.

Tenant: T.J. Nevada L.L.C.;Pier 45, D-7.
Subtenant: Cormorant, Inc.; 4,092 s.f. shed space; November 11, 2001

Tenant: Pezzolo Seafood; Pier 45, D-9
Subtenant: Next Seafood, Inc., 1,500 s.f. space; December 31, 2001

This Print Covers Calendar Item No. **4C**

Tenant:	Costarella Seafood; Pier 45, D-6.
Subtenant:	Keester Baits, Inc.; 1,291 s.f. shed space; May 31, 2002
Tenant:	LaRocca Seafood, Inc.; Pier 45, B-9
Subtenant:	S. & M. Shellfish, Inc.; 4,708 s.f. shed space; May 31, 2002
Tenant:	Monterey Fish Co.; Pier 45, B-3.
Subtenant:	T. M. Tobin Co.; 4,708 s.f. shed space; June 17, 2002
Tenant:	North Atlantic San Francisco, Inc.; Pier 45, B-11B.
Subtenant:	Pacific Fresh Seafood Co.; 4,128 s.f. shed space; June 30, 2002

FACTS:

Paragraph 21, Assignment and Subletting, of the form lease for Pier 45 Sheds B and D, requires that "Tenant shall not make or permit any Transfer of this Lease except with the prior written consent of Port in each instance as evidenced by Port Commission resolution...". The Tenant and proposed subtenant are required to provide specific information to enable the Port to evaluate the proposed transfer and prospective subtenant or assignee, as well as any other information, documentation or evidence as determined to enable Port to evaluate the proposed transfer and prospective transferee.

In the noted lease transfers, requested information was submitted per the lease, reviewed by Port staff and the City Attorney's office consistent with lease requirements and port standard practice. Subleases were reviewed, documented, and executed by the Port Deputy Director of Real Estate as acceptable. The leases for Pier 45 Sheds B and D require Port Commission consent in the form of a Port Commission resolution. Port staff is requesting ratification by the Port Commission of the Port Deputy Director of Real Estate's approval of these subleases.

RECOMMENDATION:

Real Estate staff recommends Port Commission ratification of the Port Deputy Director of Real Estate's approval of the eight executed sublease agreements noted above at Pier 45, Sheds B and D.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-58

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g) leases granted and made by the Port should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Port staff reviewed each lease and proposed sublease consistent with Section 21, Assignment and Subletting of the form lease requirements and recommended approval of each sublease; and

WHEREAS, Sublease agreements are approved as to form by the City Attorney's office; and

WHEREAS, Subleases are on file with the Port Commission Secretary; therefore, be it

RESOLVED, that the San Francisco Port Commission hereby ratifies approval by the Port Deputy Director of Real Estate of eight (8) subleases consistent with the business terms set forth in the memorandum to the San Francisco Port Commission for Agenda Item 4C for the Port Commission meeting of November 12, 2002.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of November 12, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

November 5, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational presentation on joint work program with the Bay Conservation and Development Commission (BCDC) to study potential revisions to the BCDC Special Area Plan and the Port's Waterfront Land Use Plan for the Fisherman's Wharf Area.

DIRECTOR'S RECOMMENDATION: OBSERVE PRESENTATION AND PROVIDE COMMENTS TO STAFF REGARDING THE PROPOSED WORK PROGRAM AND PUBLIC PLANNING PROCESS.

Past Port and BCDC Joint Planning Process

On July 20, 2001, the San Francisco Port Commission and San Francisco Bay Conservation and Development Commission unanimously adopted amendments to their respective plans, the *San Francisco Waterfront Land Use Plan*, and the *San Francisco Bay Plan and San Francisco Waterfront Special Area Plan*. These amendments established consistency between each agency's plans for the San Francisco waterfront, and ushered in new era of cooperation and coordination guided by a shared vision for waterfront development and public access for the area between Pier 35 and China Basin. This shared vision is founded by the principle of reconnecting the urban fabric of San Francisco with its northeastern waterfront. The policies adopted provide for a continuous network of public access at the shoreline edge, punctuated by parks and plazas to create a truly public waterfront. The policies also provide for a vibrant mix of uses on the piers, preservation of the historic piers and pier structures, new views of the Bay and the removal of dilapidated piers to create new open water to connect the waterfront with San Francisco Bay.

The amendments adopted included the following regarding Fisherman's Wharf:

> *Develop a major public plaza extending to the Bay within the area bounded by Jefferson, Powell and Taylor Streets. This would involve establishing a Fisherman's Wharf plaza planning process involving the tenants, Port, San Francisco Planning Department, BCDC, Save the Bay and other interested parties to address the many issues associated with a plaza at Fisherman's Wharf and to establish a plan and implementation program for effectuating the plaza as part of an overall review of the Special Area Plan policies in the Fisherman's Wharf area.*

This Print Covers Calendar Item No. 5A

Work Program

Port and BCDC staff presented a proposed work program to the Fisherman's Wharf Waterfront Advisory Group on October 1, and received comments on the potential project issues, the planning process, and potential products that may result from the planning effort. Below is an outline of the components of the study:

Major Issues:

- Recently, the Port has discovered that many of the pile-supported structures in Fisherman's Wharf are in need of significant repairs or maintenance. In some cases, the Port has had to close some piers temporarily so life-safety repairs could be made. Other piers remain closed. Given BCDC's policies regarding allowable uses on replacement fill, and the Attorney General's informal opinion on the nature of repairs to piers that should be considered as Bay fill by BCDC, some of the existing uses and/or building area occupied by those uses of piers in Fisherman's Wharf may not be able to continue if extensive repairs were needed. Revised policies could facilitate redevelopment and repair of existing structures by: modifying BCDC's existing pier repair policies that apply in Fisherman's Wharf; identifying the uses that can be allowed on new or replacement fill; identifying the amount and type of fill that would be allowed; and what public access would be provided.
- Members of the fishing industry and merchant's in Fisherman's Wharf have expressed concerns regarding access to businesses, including the provision of sufficient parking. Increased development and traffic in the area have hampered the public's ability to access businesses and public areas along the shoreline and development of new open spaces could impact existing parking in the area. To address the access, circulation and parking concerns an overall plan for these functions should be developed.
- Current policies as noted above call for developing an achievable plan for a large public plaza in the area bounded by Taylor, Jefferson and Powell Streets and San Francisco Bay, including portions of the Triangle Lot (Seawall Lots 300 & 301) and Pier 43-1/2.
- As piers are repaired or reconstructed, the opportunity to shape the shoreline to improve access and circulation emerges. There is a need to create a shared vision for the configuration of the shoreline in Fisherman's Wharf, including preservation of historic features.
- Building on the success of the joint planning effort that resulted in the 2000 amendments to the Port's Waterfront Land Use Plan (WLUP) and BCDC's SAP, the two Commissions can prepare plan amendments that meet the interests of the public, the Port of San Francisco and BCDC, and the involved and adjacent lease holders with consistent policies for the Port and BCDC for inclusion in WLUP and SAP on land use, public access, and pier repair in the Fisherman's Wharf area between Pier 35 and the Hyde Street Pier.
- Developing a realistic and effective implementation sequence and strategy, and identify potential sources of funding for public improvements will ensure that the vision in the plan amendments is realized.

Planning Process

The staff recommends that the Commission utilize the same joint-committee approach to developing recommended plan amendments as was used to finalize the outstanding issues in the process leading up to the 2000 amendments to the WLUP, Bay Plan and SAP. In that instance, there were three Port Commissioners and six BCDC Commissioners on a joint committee made up of BCDC and Port Commissioners.

In this instance, the Committee would be made up of two Port Commissioners and six BCDC Commissioners. The committee would review staff work products specified in the work program, hear public comment on the issues being addressed, and direct staff in resolving outstanding issues. The committee would develop over a year period, recommended plan amendments for each agency's plans. The Committee would hold public meetings that would be interspersed with a series of public workshops conducted by the staff.

In order to support the work of the joint committee, the staff would conduct stakeholder meetings, and public workshops identifying the relevant issues and getting public feedback on how best to resolve the issues. Staff and the public may also formulate recommendations for the committee to consider. The joint committee would review ideas generated at the public workshops, advise staff on ways to resolve those issues, and ultimately make recommendations for adoption to the Commissions.

Workshop participants would include members of the Fisherman's Wharf Advisory Group and other members of the public that will be interested in the project. Representatives from open space and public interest organizations, such as Save the Bay, GGNPA, SPUR, San Francisco Beautiful, San Francisco Tomorrow, Russian Hill Improvement Association, Russian Hill Neighbors, Telegraph Hill Dwellers, North Beach Neighbors, and others expressing interest in the project would be invited to participate.

Staff from the San Francisco Planning Department and the Department of Parking and Traffic will be invited to participate in the planning process both at the public workshops and the joint committee's public meetings. The staff is committed to complete the planning process in one year as shown in the attached draft schedule.

Port and BCDC staff would conduct much of the work needed in the planning process by collecting data describing parking supply, demand, existing land uses, existing leases and lease terms, identifying historic resources, describing existing pier condition, and developing public access and plaza concepts. Staffs will produce reports and maps to describe this information. To support this effort, technical consultant assistance may be needed in the following areas: (1) Transportation and Parking to analyze parking demand and operation, traffic circulation impacts; (2) Economic consultant to assess financial implications of the proposed plan and assist in developing implementation strategy and funding options and sources; (3) Environmental consultant to carry out CEQA analysis; (4) Meeting facilitator to guide the discussion at public workshops. The Port and BCDC are currently trying to identify and secure full funding for that consultant assistance. The Port has committed $30,000 in capital funds and is seeking grants.

Project Schedule.

Development of the Fisherman's Wharf Area Plan will occur in several stages over an approximately one-year period and be followed by preparation of an environmental evaluation to meet California Environmental Quality Act requirements. The stages of plan development are as follows:

1. **Issue identification and data gathering, December through January, 2003.** The initial phase following Commission briefings, will be to meet with community members and stakeholder groups to fully identify areas of concern that the Area Plan may address. Staff will hold a series of small-group meetings and culminate with the first Joint Committee meeting in January 2003. At that meeting staff will present to the Joint Committee the issues and proposed goals for the planning effort, project schedule, and proposed work product. The Joint Committee will confirm, ratify, or provide direction on the issues that should be addressed and the goals to be achieved by the planning effort.
2. **Technical analysis and concept development, February through April, 2003.** With technical assistance from City departments and/or consultants, staff will prepare background data illustrating existing conditions of parking, transportation options, historic resources, public spaces and pier

condition. This information will be used to formulate concepts to address the range of identified issues. Data and concepts will be presented to community members and then to the Joint Committee.

3. **Concept development, May through September, 2003.** With direction from the Joint Committee, staff with the support of technical assistance will refine the concepts and return to the Joint Committee as necessary to achieve consensus. Staff will also present draft policies for incorporation into the SAP and the Waterfront Land Use Plan.
4. **Review and final plan development, October through December, 2003.** With the recommendation of the Joint Committee, staff will make informational presentations to the full Port Commission and the Bay Conservation and Development Commission. Presentations will also be made to other interested groups.
5. **Environmental review, October 2003 through March, 2004.** A document to satisfy the requirements of the California Environmental Quality Act will be prepared.
6. **Consideration for adoption, April, 2004.** The proposed plan and accompanying policies will be presented at a joint meeting of the full Port Commission and the Bay Conservation and Development Commission.

Prepared by:
Dan Hodapp
Senior Waterfront Planner

PORT OF SAN FRANCISCO

MEMORANDUM

November 6, 2002

TO: **MEMBERS, PORT COMMISSION**
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Piers 27-31 - Mixed Use Recreation Project: Authorize Exclusive Rights to Negotiate agreement ("ERN") with The Mills Corporation ("Developer") and Request for Supplemental Appropriation to Expend Extension Fees**

DIRECTOR'S RECOMMENDATIONS: Request adoption of Resolution No. 02-55 authorizing the Executive Director to execute an Exclusive Right to Negotiate (ERN) with The Mills Corporation for the purpose of completing the Preferred Alternative Project plan of development for the Piers 27-31 Mixed Use Recreation Project located on The Embarcadero between Greenwich and Bay Streets.

I. EXECUTIVE SUMMARY

The Original Exclusive Right to Negotiate (ERN), executed with The Mills Corporation June 13, 2001 for a Mixed Use Recreation Project on Piers 27-31, will terminate December 12, 2002. The Mills Corporation has now requested an extension of the ERN to cover the period December 12, 2002 through January 13, 2004. Under the current projected schedule, this term would permit all regulatory and permitting approvals to be obtained; a Lease Disposition and Development Agreement (LDDA) to be approved and executed; and Close of Escrow and Delivery of the Lease to occur by December 1, 2003. Construction would be carried out until December, 2005.

This Staff Report will cover the following topics in consideration of the request for an extension:

- Background
- Current Status of the Project
- Proposed Terms of the ERN Extension
- Proposed Performance Benchmarks of the ERN Extension
- Supplemental Appropriation
- Staff Recommendation

This Print Covers Calendar Item No. **5B**

The Staff recommend approval of an ERN extension, with certain conditions, including a non-refundable Negotiating Fee of no less than $100,000 (paid in two $50,000 installments on December 13, 2002 and May 13, 2003), and a Reimbursable payment of no less than $30,000 to cover the costs of real estate consulting services from Bay Area Economics (BAE) selected by the Port through competitive bidding to provide real estate services on this project. New Performance Benchmarks would also be required as a condition of the extension.

II. BACKGROUND

On August 31, 2000, the Port issued an Amended Request for Proposal for a Mixed-Use Recreation Project to be developed on Piers 27, 29, 29 ½ and 31, collectively referred to as "Piers 27-31". Two proposals were received.

On April 18, 2001, by Resolution No. 01-30, the Port Commission authorized the Executive Director to enter into an Exclusive Right to Negotiate (ERN) with The Mills Corporation (Developer), concerning the Piers 27-31 Mixed Use Recreation Project. On June 13, 2001, Developer and the Port executed an ERN for the initial period of June 13, 2001 to December 12, 2001, with two six-month option periods. Developer exercised the two options, extending the agreement to December 12, 2002.

During this period Developer and Port have worked diligently to complete the project work within the period of the ERN and to meet the Port Conditions and Performance Benchmarks included in the Original ERN as well as those added with successive Options. Thus, among the work products have been a revised Preferred Alternative Project, a Development Memorandum, substantial agreement as to the form of the Development Agreement, initiation of those regulatory reviews noted in the Performance Benchmarks, including the Environmental Impact Report, Historic Tax Credit Application, State Lands Commission and Bay Conservation and Development Commission. The Community Outreach Program has been ongoing.

Additional steps are now required to complete regulatory review, obtain letters of interest from tenants, prepare design and construction drawings, and complete negotiations for a Lease. Therefore, Developer now requests a new Exclusive Right to Negotiate in order to complete these additional steps. The term of the ERN would be December 12, 2002 to January 13, 2004.

As a condition of this new ERN, Developer would pay a non-refundable Negotiating Fee of not less than $100,000 and an additional Payment of not less than $30,000 to cover real estate consulting costs; any remaining balance from this second Payment would be refunded to the Developer. New Performance Benchmarks also have been prepared as a condition of the new ERN.

III. CURRENT STATUS OF THE PIERS 27-31 PROJECT

Several aspects of the Piers 27-31 project are presented as a status report:

- Status of the site plan
- Status of Port Conditions and Performance Benchmarks[1]
- Current schedule

[1] All "Port Conditions" contained in the Original ERN were de facto incorporated as Performance Benchmarks.

SITE PLAN

In the Development Memorandum, Developer and Port agreed that the"March 29, 2002 Site Plan" would become the "Revised Preferred Alternative Plan" and the basis of future actions. (See Exhibit A.) This plan reflected agreements that had been reached in terms of placement of uses and approximate sizes of general uses. This plan was then presented to the Port Commission and the Northeast Advisory Waterfront Commission, among other groups, for their response.

The March 29, 2002 Site Plan called for 1,157,000 square feet (sf) of development on 19 acres, including demolition of the non-historic Pier 27 structure and its replacement with a new YMCA facility and a Sports Valley; seismic upgrading of the piers; historic preservation of the Pier 29, 29 ½, and 31 Bulkhead Buildings and Sheds; and new code-compliant systems and infrastructure. Estimated total project costs approach $300 million.

On July 3, Developer presented the Port a second Revised Preferred Alternative Site Plan, the "July 8, 2002 Site Plan" which contained several fundamental changes from the March 29 Development Memorandum. These changes were further refined in July and the "August 2, 2002 Site Plan", shown in Exhibit B, then became the basis for the first Environmental Assessment application to the City Planning Department's Major Environmental Analysis unit. This plan totaled 1,126,000 sf on 19 acres, but was based on a more precise drawing.

The square footage changes and breakdown of uses for the August 2, 2002 Site Plan are summarized in Tables A and B.

The principal changes between the March 29, 2002 Site Plan that was attached to the Development Memorandum, and the most recent design proposal are summarized below:

Recreation:

- March 29, 2002 Site Plan – 291,000 gsf.
  Principal recreation elements of this plan were a Marine Sports Recreation Center, including a Marine Sports Basin between Piers 29 and 31; a Sports Valley including court sports; a BMX/Skatepark to include both indoor and outdoor elements (the indoor element managed by the YMCA and the outdoor portion in the Sports Valley); and a YMCA featuring a "high adventure" center, a large, multi-pool Aquatic Center, a fitness program, and special programs for seniors and children.

- Revised August 2, 2002 Site Plan – 301,000 gsf.
  The principal changes reduced the size of the YMCA Aquatic Facility to meet budget targets (although the multiple pools were retained as were all other programs); in compensation, and per the Development Memorandum, the YMCA added more outdoor recreation space on their premises. Mills'-run recreation programs in Building 29 were relocated to consolidate all the indoor recreation, including a Bowling Center, into the mid-portion of Pier 29.

Open space/public access:

- March 29, 2002 Site Plan – 423,000 gsf.
  Two elements made up this category: The first was the then-measured 88,000 gsf Northeast Wharf Plaza required by the Bay Conservation and Development Commission (BCDC)

Special Area Plan, and whose costs would be carried by the Port in the form of rent credits to the Developer at least for Phase I. The NE Wharf Plaza was to be a "lightly" programmed two-acre area at the northern end of Pier 27 abutting The Embarcadero. From its vantage point a view corridor would be created toward Pier 23 and in the future, when a portion of Pier 23 is removed, the Bay Bridge would be visible. The second open space/public access element, totaling 335,000 gsf, was to include an extension of the existing PortWalk, following the perimeter of all the piers and including the length of the Pier 29 shed on the northern side. The waterside ends of the pier sheds also would be included in public access as would the passageways through the buildings, including a major passageway from The Embarcadero through 29 ½ to the Marine Sports Basin. B.

- Revised August 2, 2002 Site Plan – 368,000 gsf.
  The same elements are included, but with more detailed design work and more correct CADD measurements, the gsf has been altered. The NE Wharf Plaza now measures 105,000 or 2.5 acres. The balance on all the piers and passageways totals 263,000 gsf. Perimeter public access areas will be improved with seating, trash receptacles and other furniture and will be tied together visually with compatible paving materials site furnishings, planters, public art, drinking fountains, public restrooms and other amenities. (NOTE: The combined NE Wharf Plaza and other open space comprise 32% of the total project square feet.)

General Office Use

- March 29, 2002 Site Plan – 219,000 gsf.
  Mezzanines and second floors were planned to be inserted into the bulkheads and sheds of Piers 29, 29 ½ and 31 to create general office space, primarily for small-scaled office suites. Revenues from these uses was proposed to help offset the costs of providing the historic renovation and seismic strengthening of the structures.

- Revised August 2, 2002 Site Plan – 219,000 gsf.
  No change in use or square feet.

Sports-Maritime- and Outdoor-Related Retail

- March 29, 2002 Site Plan – 107,000 gsf.
  Recreation retailers were proposed principally in Pier 29, with some maritime-related recreation retail proposed along the front of The Embarcadero in Piers 29, 29 ½ and 31 Bulkhead Buildings. Definitions of "recreation retail" – both small retailers and anchor tenants -- were to be negotiated and spelled out in the final Lease.

- Revised August 2, 2002 Site Plan – 107,000 gsf.
  No change in square feet. However, the recreational retail is relocated and consolidated on the first third of the ground floors of Pier 29 and along the frontage of The Embarcadero in 29 ½ and 31. This relocation was in response to tenant market requirements developed by the Developer. The indoor recreation, formerly toward the front of these buildings except for "Family Recreation" in the back portion of Pier 29, now is consolidated inside the shed of Pier 29. The Boating Center space and the Maritime Exhibit Center were relocated. (NOTE: To keep the comparison easy to follow in this description, "Kiosks" are identified and

discussed separately, though the August 2, 2002 Site Plan categorized them as "Retail" for purposes of the EIR.)

Accessory Parking and Drop-Off

- March 29, 2002 Site Plan – 78,000 gsf for 197 spaces.
  Most of the spaces were proposed to be developed on the first floor of Pier 31; the remainder were noted on the Site Plan as being adjacent to the YMCA in the Sports Valley, to provide short-term parking and room for buses and YMCA vans transporting children from other locations.

- Revised August 2, 2002 Site Plan – 75,000 gsf.
  No change in use.

Restaurants/Cafes

- March 29, 2002 Site Plan – 34,000 gsf.
  Three restaurants and six cafes were proposed in this plan. Their placement included major "destination" restaurants at the ends of Piers 29 and 31, with smaller eating facilities placed elsewhere on the site.

- Revised August 2, 2002 Site Plan – 34,000 gsf.
  The final placement of eating facilities and their exact measurements continue to be refined.

Kiosks

- March 29, 2002 Site Plan – 5,000 gsf.
  Two movable, kiosks were proposed for the waterside end of Pier 29 and two at the plaza area that makes up the Marine Boating Center at the Marine Sports Center.

- August 2, 2002 Site Plan – 5,000 gsf.
  No change in use.

Elevator Service Areas/Core

- March 29, 2002 Site Plan
  Not called out

- August 2, 2002 Site Plan – 18,000 gsf.
  Shared building areas for elevators, materials delivery, refuse, restrooms and similar uses was measured by CADD for the EIR and the resulting uses called out separately. Their uses would be shared by all Piers 27-31 tenants, patrons, and staff.

TABLE A
SUMMARY OF SQUARE FEET BY SITE PLAN

	8/2/02	**3/29/02**
*Recreational Uses (Indoor/Outdoor)	301,000	291,000
Commercial Uses	364,000	364,000
Northeast Wharf Plaza	105,000	88,000
Open Space/Public Access	263,000	335,000
Parking	75,000	in above
Service Areas/Core	18,000	in above
Total	**1,126,000 sf**	**1,078,000 sf**

* Excludes water basin between Piers 29 & 31.

TABLE B
PREFERRED ALTERNATIVE PROJECT
PER AUGUST 2, 2002 SITE PLAN
(Square Feet)

Leasable Areas		
Recreational Uses	301,000	*Indoor/Outdoor w/110,000 YMCA*
Commercial Spaces	364,000	*Office Space - 219,000 s.f. (Second Floor)*
		Rec. Retail - 106,000 s.f. (w/ kiosks)
		Restaurants - 34,000 s.f. (3 + 6 cafés)
Parking	75,000	*197 cars*
Elevators/Service Core	18,000	*new category, shared among all uses*

Non-Leasable Areas:		
Space/Public Access	263,000	
Wharf Area	105,000	*(Port-funded NE Wharf Plaza)*
	368,000	
Temporary Ship Berthing - Along outer 900 feet of Pier 27		*(Port-funded improvements)*

Total Site without N.E. Wharf Plaza	**1,021,000 s.f.**
Recreational Uses	29%
Commercial Spaces	36%
Parking	7%
Open Space/Public Access	26%
Service/Core	2%
Total	100% without NE Wharf Plaza

Total Site with the N.E. Wharf Plaza	**1,126,000 s.f.**
Recreational Uses	27%
Commercial Spaces	32%
Parking	7%
Open Space/Public Access	23%
NE Wharf Plaza	9%
Service/Core	2%
Total	100% with NE Wharf Plaza

STATUS OF PERFORMANCE BENCHMARKS

Exhibit C is the set of Performance Benchmarks in the Original Term. Exhibit D is the most recent status report on the attainment of those Performance Benchmarks. Prepared by the Developer in fulfillment of a requirement in the Exclusive Right to Negotiate (Section 4(f)), it is a succinct recitation of the status of the 21 Initial Performance Benchmarks and it has been accepted by the Port Staff as complete and accurate. As noted, most of the benchmarks have been substantially completed. A few are intended to continue through the completion of the ERN (notably, the project schedule, and the community outreach program). Several are in the nature of regulatory requirements for approval which have been initiated with various agencies; the processes and regulations governing those individual agencies will now govern the schedule in most cases. Some remain to be carried out as part of the completion of the project and are proposed to be made conditions of approval in the ERN extension before the Commission.

In summary form, the major regulatory requirements that have been initiated as required by the Performance Benchmarks are:

Environmental Impact Report

The City Planning Department, Major Environmental Analysis (MEA) accepted the joint application for an Environmental Assessment on August 2. Based on a review of the project, MEA has stated that a full Environmental Impact Review will be conducted by the agency. A public Notice of Preparation meeting ("scoping meeting") has been set by MEA as follows: **Public Scoping Meeting, Wednesday, November 20, 2002, 6:30 to 8:30 pm, Pier 1, The Bayside Conference Room**. This is an opportunity for MEA to receive comments from the public at large concerning what aspects of the EIR merit full examination. Extensive notices have been sent. Both the Northeast Waterfront Advisory Group and the Fisherman's Wharf Advisory Group have been notified of the date. Written requests concerning the elements of the EIR are also accepted by MEA for those who do not attend the scoping meeting.

Determination of Consistency of the Project with the Public Trust

On September 25, a project review was held with staff of the State Lands Commission and the Bay Conservation and Development Commission on the consistency of the project with the public trust. This initiates the period of review by both groups concerning this project.

Application for Historic Preservation Certification

Piers 29, 29 ½, and 31, and the Beltline Railroad Office Building will be rehabilitated to the standards set by the U.S. Secretary of the Interior's Design Standards as part of the project. In order to obtain certification from the State Historic Preservation Office and the National Park Service that the work meet the Secretary's criteria, joint applications were filed in August and in September, seeking an evaluation of the significance of the buildings ("Part 1") and seeking approval of the description of rehabilitation to be carried out ("Part 2").

Design Review by the Joint Waterfront Design Advisory Group and the BCDC Design Review Board.

An initial review was held in the fall of 2001. This project is scheduled to move forward for design review beginning in the spring of 2003.

Lease Disposition and Development Agreement (LDDA)

This document is being negotiated based in part of the previously executed Development Memorandum, which set out certain essential terms of and mutually acceptable agreements. At the completion of all other project approvals, the Port Commission would vote on the LDDA and the Lease would then move to the Board of Supervisors for their approval, before the Commission could execute the Lease. These actions are currently scheduled for late November, 2003.

SCHEDULE

Exhibit E contains the most recent project schedule of major actions. As noted in the Schedule, additional time is required to finalize the schematic plans, elevations, renderings and model based on community and regulatory review; complete the extensive regulatory reviews identified above; complete the LDDA and related agreements; achieve the fund-raising target for the YMCA facility; obtain Port and other permits; obtain tenant commitment letters; prepare construction documents and obtain the building permit. The current schedule calls for all approvals to be completed by November 25, 2003; conveyance of the Lease to Developer by March 31, 2004; a construction period from April 2004 to December, 2005.

III. PROPOSED TERMS OF THE ERN EXTENSION

- Extended Term. The term of the ERN will be extended through the earlier of January 13, 2004, or the date on which the Port and the Developer enter into the LDDA.

- Extension Fee. In consideration for the extension, Developer will pay Port an extension fee (the "Extension Fee") in the amount of One Hundred Thousand Dollars ($100,000.00). The first $50,000 will be paid to the Port on December 13, 2002 and the remaining $50,000 will be paid May 13, 2003. The Extension Fee will be non-refundable and will not be credited towards rent or any other payments due under the Lease.

- Transaction Costs. In addition to the Extension Fee, Developer shall pay the Port on or before December 13, 2002, the amount of Thirty Thousand Dollars ($30,000) (the "Transaction Costs"), to be used by Port to pay for the reasonable costs and expenses incurred by the Port for use of its real estate and economic consultant team, including without limitation, costs of the outside counsel, in connection with negotiating the LDDA, Lease, and related transaction documents, and pursuing necessary entitlements for the period commencing on the date hereof through the full execution of the LDDA. The Port may use the Transaction Costs as needed during the Extended Term, but is required to return any unused funds to Developer within 90 days after the termination of the Exclusive Right.

- Proposed Performance Benchmarks. Exhibit F is the set of proposed Performance Benchmarks for the ERN extension. They cover the following topics: a schedule, community outreach program, changes to the Preferred Alternative Plan, YMCA site plan on Pier 27, YMCA guaranty, YMCA fundraising, integrated recreation plan, presentations to the Port Commission, letters of interest from potential tenants and the Lease Disposition and Development Agreement.

IV. SUPPLEMENTAL APPROPRIATION.

In order for the Port to expend the Extension Fee and Transaction Costs during this fiscal year, the Port must request a supplemental appropriation through the Mayor and the Board of Supervisors. Port staff estimates that $100,000 will be needed to cover the costs of attorney work, and that no more than $30,000 will be needed to cover the costs of the real estate economic consultant's work. Port staff therefore requests approval to process a supplemental appropriation in accordance with the attached form for:

CPO667-03	Pre-Development Studies	$30,000
081CT	City Attorney – Legal Services (work order)	$100,000
	TOTAL	$130,000

V. STAFF RECOMMENDATION

Recommendation: Port staff recommends that the Port Commission adopt Resolution 02-55.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-55

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within the Port jurisdiction; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, by a Request for Proposals dated November 12, 1999, including a subsequent Amended Request for Proposals dated August 31, 2000, Addendum No. 1 dated October 2, 2000, and Addendum No. 2 dated November 17, 2000, (collectively "RFP"), the Port solicited proposals from qualified parties to lease an approximately 19-acre complex of piers under the Port's jurisdiction located at Piers 27, 29, 29 ½ and 31, in the City and County of San Francisco, and to develop and operate on the property a mixed use recreation project (the "Project") to promote the purposes of the public trust and the Burton Act; and

WHEREAS, the Port Commission at its April 18, 2001 meeting by Resolution No. 01-30, awarded the opportunity to enter into an Exclusive Right to Negotiate agreement for the lease of the Site for the Project to SF Piers 27-31, LLC, conditional upon Developer satisfying certain conditions and authorized and directed the Executive Director of the Port, or his designee, to enter into an Exclusive Right to Negotiate; and

WHEREAS, Port and Developer entered into an Exclusive Right to Negotiate agreement, dated as of June 13, 2001 ("ERN"), as modified by the terms of letters dated December 12, 2001, March 14, 2002, and June 11, 2002 (collectively, "Exclusive Right"); and

WHEREAS, Developer has exercised its Extension Options, and the term of the ERN is due to expire on December 12, 2002; and

WHEREAS, Developer has diligently undertaken development plans and sought environmental review in accordance with the ERN, but due to the complexity of the Project and timeframe required for the regulatory approval process has requested an extension to the ERN, and

WHEREAS, In order for the Port to expend the funds received from Developer to pay for attorney and consultant work associated with the negotiation of the Lease Disposition and Development Agreement and related transaction documents for the Project, a supplemental appropriation must be processed; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port to enter into an amendment to the Exclusive Right to Negotiate agreement, extending the date through January 13, 2004, subject to a non-refundable Extension Fee of $100,000.00 and payment of Port transaction costs for outside consultants of up to $30,000.00, and further on the general terms set forth in the Memorandum to Port Commissioners, dated November 6, 2002, a copy of which is on file with the Port Commission Secretary for this item; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to request to the Mayor and Board of Supervisors for approval, a supplemental appropriation for $130,000 to pay for attorney fees and consultant work associated with the negotiation of the Piers 27/31 Recreation Project Lease Disposition and Development Agreement and related transaction documents; and be it further

RESOLVED, that the Port will not enter into a final Lease Disposition and Development Agreement for the Project which would allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA).

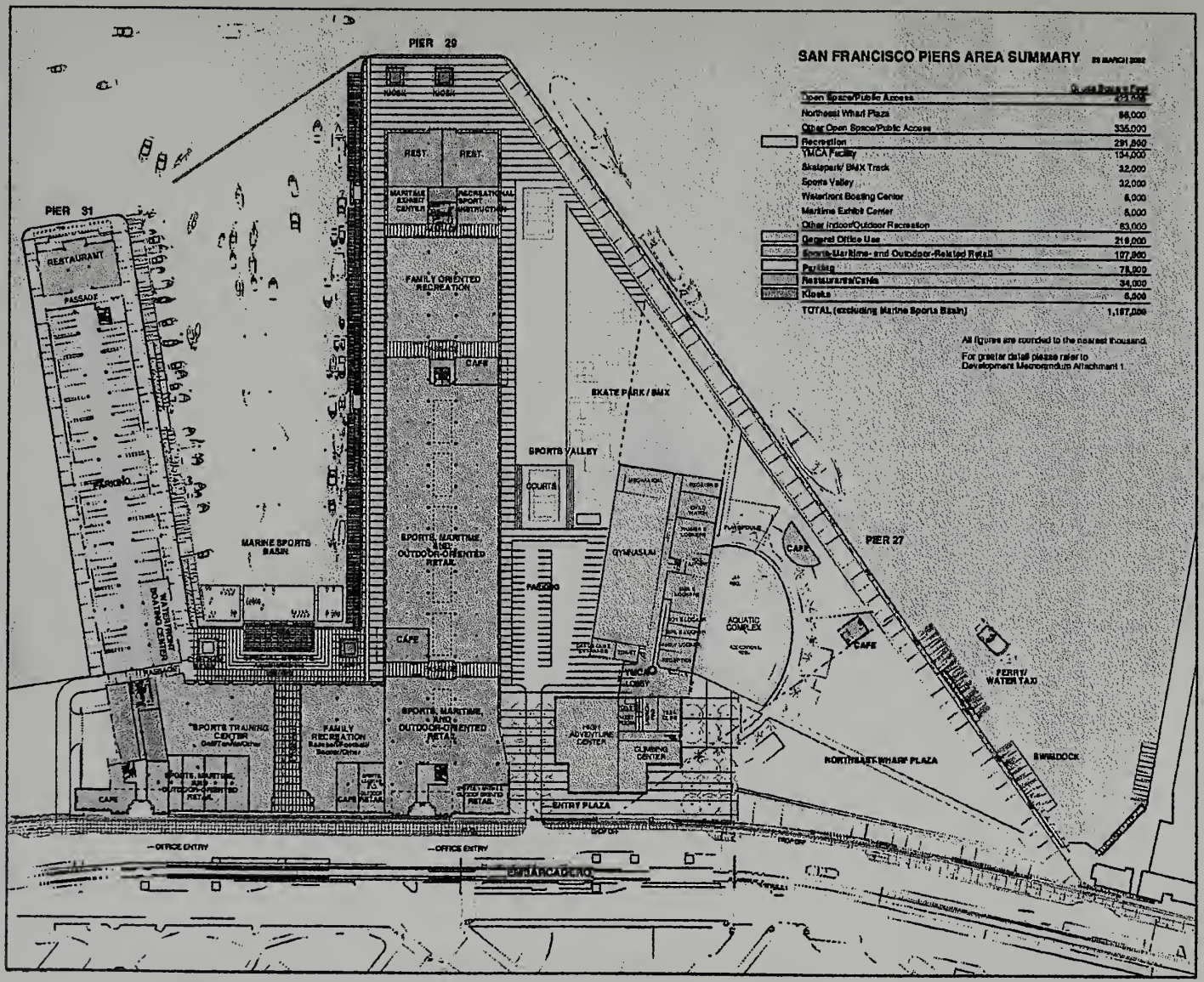
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 12, 2002.

_____
Secretary

EXHIBITS

Exhibit A:	March 29, 2002 Site Plan
Exhibit B:	August 2, 2002 Site Plan
Exhibit C:	Performance Benchmarks of the Original ERN
Exhibit D:	Status of the Performance Benchmarks of the Original ERN
Exhibit E:	Current Project Schedule
Exhibit F:	Proposed Performance Benchmarks for the ERN Extension

EXHIBIT A: MARCH 29, 2002 SITE PLAN



SAN FRANCISCO PIERS AREA SUMMARY

29 MARCH 2002

	Gross Square Feet
Open Space/Public Access	472,000
Northeast Wharf Plaza	96,000
Other Open Space/Public Access	335,000
Recreation	291,000
YMCA Facility	134,000
Skatepark/ BMX Track	32,000
Sports Valley	32,000
Waterfront Boating Center	6,000
Maritime Exhibit Center	6,000
Other Indoor/Outdoor Recreation	83,000
General Office Use	216,000
Sports-Maritime- and Outdoor-Related Retail	127,000
Parking	75,000
Restaurants/Cafés	34,000
Kiosks	6,000
TOTAL (excluding Marine Sports Basin)	1,187,000

All figures are rounded to the nearest thousand.

For greater detail please refer to Development Memorandum Attachment 1.

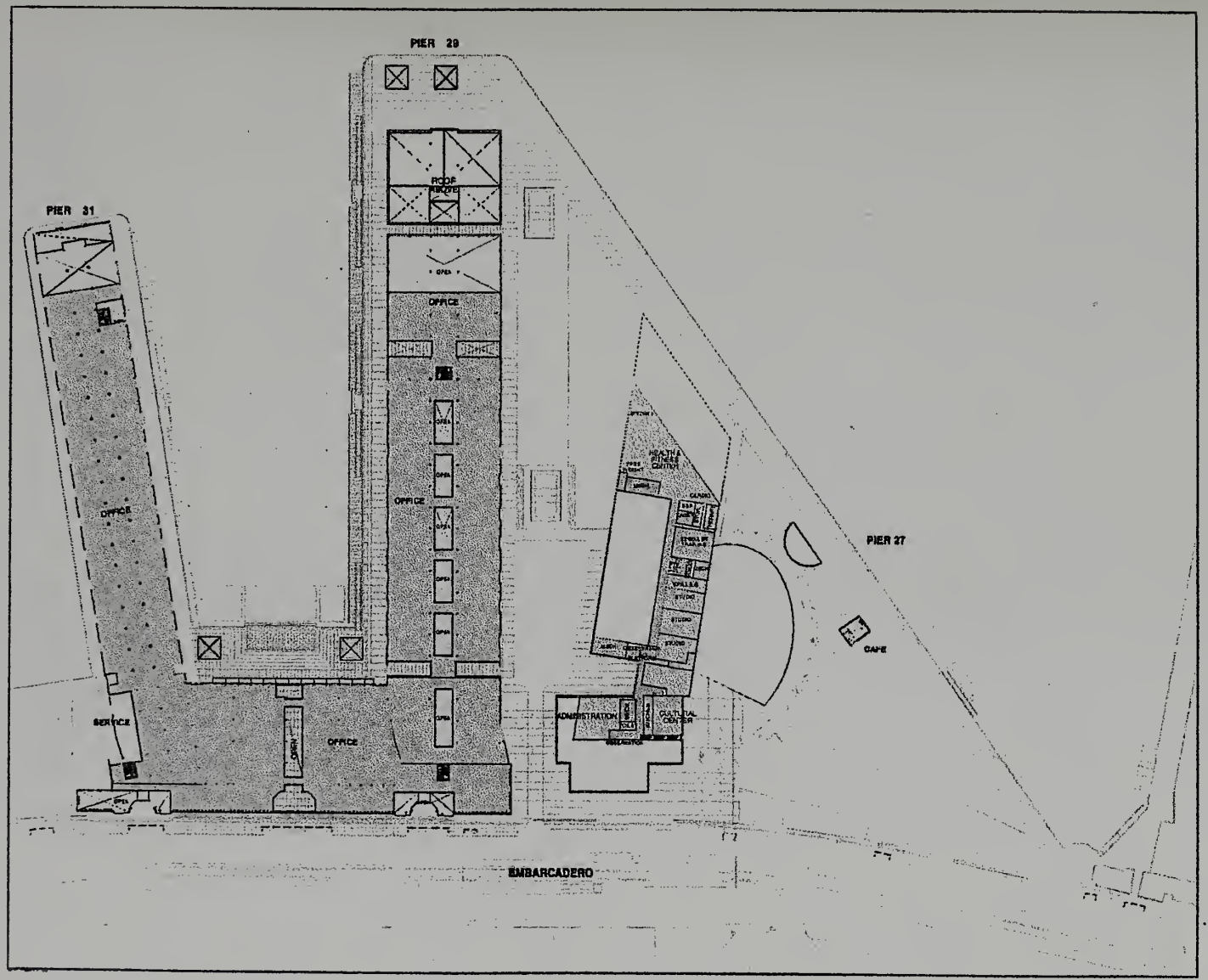
GROUND LEVEL FLOOR PLAN

29 MARCH 2002

D'AGOSTINO IZZO QUIRK ARCHITECTS, INC.

SCALE: 1" = 60'

1



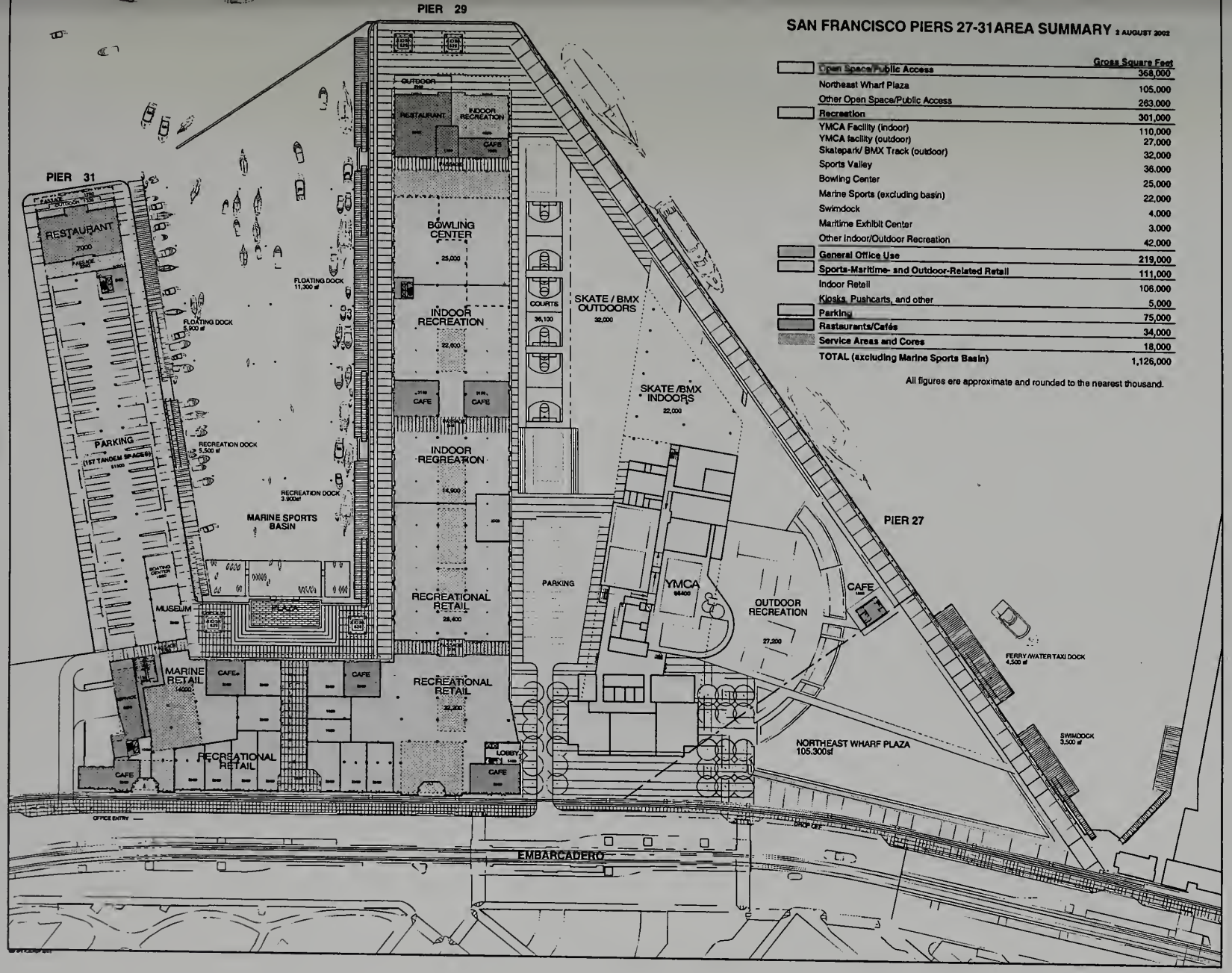
SECOND LEVEL FLOOR PLAN

29 MARCH 2002

D'AGOSTINO IZZO QUIRK ARCHITECTS, INC.

SCALE: 1" = 60'

EXHIBIT B: AUGUST 2, 2002 SITE PLAN



SAN FRANCISCO PIERS 27-31 AREA SUMMARY 2 AUGUST 2002

	Gross Square Feet
Open Space/Public Access	**368,000**
Northeast Wharf Plaza	105,000
Other Open Space/Public Access	263,000
Recreation	**301,000**
YMCA Facility (indoor)	110,000
YMCA facility (outdoor)	27,000
Skatepark/ BMX Track (outdoor)	32,000
Sports Valley	36,000
Bowling Center	25,000
Marine Sports (excluding basin)	22,000
Swimdock	4,000
Maritime Exhibit Center	3,000
Other Indoor/Outdoor Recreation	42,000
General Office Use	**219,000**
Sports-Maritime- and Outdoor-Related Retail	**111,000**
Indoor Retail	106,000
Kiosks, Pushcarts, and other	5,000
Parking	**75,000**
Restaurants/Cafés	**34,000**
Service Areas and Cores	**18,000**
TOTAL (excluding Marine Sports Basin)	**1,126,000**

All figures are approximate and rounded to the nearest thousand.

DAIQ ARCHITECT

ENVIRONMENTAL REVIEW APPLICATION
GROUND LEVEL SITE PLAN

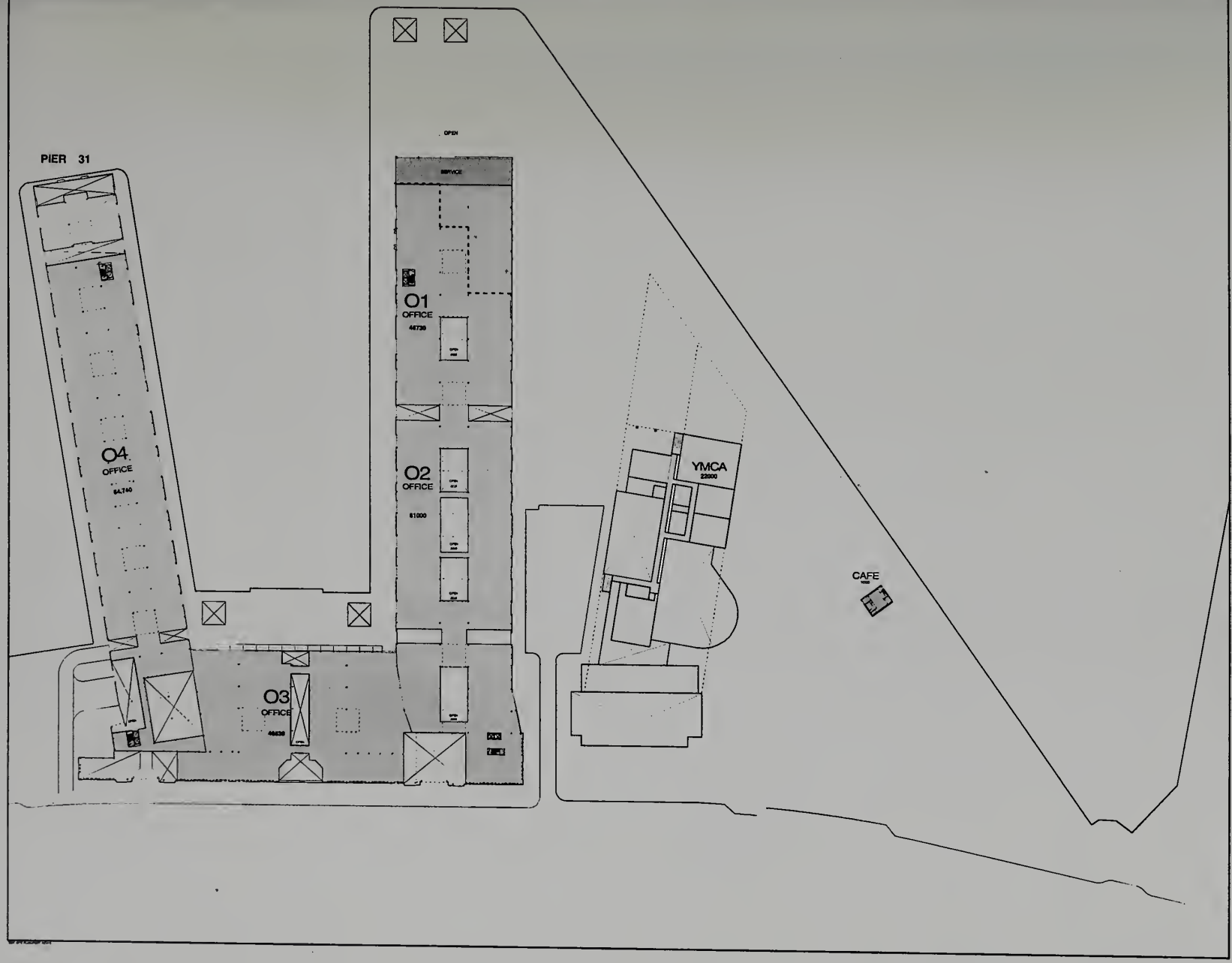
2 AUGUST 2002

D'AGOSTINO IZZO QUIRK ARCHITECTS, INC.

TRUE NORTH
PLAN NORTH

0' 60' 120' 240

SCALE: 1" = 60' ALL AREAS ARE APPROXIMATE



D'A IQ
ARCHITECT

ENVIRONMENTAL REVIEW APPLICATION
MEZZANINE LEVEL SITE PLAN

2 AUGUST 2002
D'AGOSTINO IZZO QUIRK ARCHITECTS, INC.

TRUE NORTH
PLAN NORTH

0' 60' 120' 240

SCALE: 1" = 60' ALL AREAS ARE APPROXIMATE

EXHIBIT C: PERFORMANCE BENCHMARKS

EXHIBIT C
PERFORMANCE BENCHMARKS OF ORIGINAL ERN

[Capitalized terms have the meanings ascribed to them in the Exclusive Right, or if not defined therein, in the RFP]

BENCHMARK	TIME FOR PEFORMANCE
1. TENTATIVE SCHEDULE. Developer and Port will agree on a tentative Schedule for the development of the Project including, without limitation, a timetable for Project design, regulatory approvals, community outreach, construction and lease commencement date; such schedule to be revised, as the project progresses.	Developer will continue to submit revised Schedules to Port staff , beginning no later than January 1, 2003, said schedule to be agreed upon by Port staff and Developer not less than every 30 days thereafter, unless requested by the Port to update in response to a significant event affecting the project.
2. COMMUNITY OUTREACH. Developer and Port have agreed upon community outreach program and Developer has met goals of program in timely manner; during the period of the ERN extension this program will continue as agreed. In addition, Developer will offer to meet with the Northeast Waterfront Advisory Group (NEWAG) no fewer than four (4) times.	No later than January 31, 2003, and at least every 90 days thereafter during the Extended Term, Developer shall present the Project to NEWAG for review, comment and question, provided that Developer will not be held in default if, through no material default of Developer, the Northeast Waterfront Advisory Group fails to meet, or fails to request attendance of the Developer at its meetings at such times during the Extended Term.
3. CHANGES TO PREFERRED ALTERNATIVE PLAN. If the Preferred Alternative Plan is substantially modified during the period of the ERN extension, particularly as a result of direction provided from a regulatory entity empowered to authorize such a change, the Developer shall provide pertinent information to illustrate those changes, including, but not limited to: (a) Schematic or conceptual designs, general site plans, elevations, and perspective drawings, models, photographs or other representations showing the general design and space allocation; (b) general location of uses; circulation; (c) landscaping; and (d) relationship of the Project to its surroundings (such designs shall directly address the Port Conditions pertaining to the design and programming of the Project); (e) development costs projections; and (f) preliminary cash flow projections (including development costs and detailed operation pro formas for the first 10 years of operation).	(a) through (e) within 45 days of a substantial change; (f) within 60 days of a substantial change.

4. YMCA SITE PLAN ON PIER 27. The Developer shall submit a refinement of the August 2, 2002 revised Preferred Alternative Site to the Port, illustrating how the area on the exterior of the YMCA building, to the southwest, will be activated and will serve to reinforce activities and uses on the Northeast Wharf Plaza, to which it is adjacent.	No later than February 28, 2003.
5. YMCA GUARANTY. Developer has provided Port with (1) a Guarantee from the Mills Limited Partnership, guaranteeing all of the obligations under the LDDA, including, without limitation, construction period rent, and completion of all of the improvements, including the YMCA building, that is given by a financially sound entity having, and (2) provided evidence showing that the Guarantor has guaranteed the concurrent completion of the full YMCA facility proposed without any effect on the Port's participation rent or other consideration under the Lease or LDDA, and without any effect on the long-term presence or economic viability of the YMCA at the Project site for the entire Lease term.	Developer will provide Port with a form of Guaranty acceptable to Port no later than March 31, 2003, delivery of which guarantee shall become a condition precedent to Port's obligation to deliver a leasehold to Developer.
6. YMCA FUNDRAISING. Developer and the YMCA shall report to Port staff at least every three months during the Extended Term, the non-confidential details of the YMCA's fundraising activities, including number of persons contacted and response, future planned fundraising activities, changes in the fundraising program, and other information reasonably requested by Port.	No later than each of the following dates during the Extended Term: March 31, 2003; June 30, 2003, September 30, 2003, and December 31, 2003.
7. INTEGRATED RECREATION PLAN. Based on the revised Preferred Alternative Project as shown on the August 2, 2002 site rendering, Developer shall prepare an Integrated Recreation Plan that describes how the indoor recreation programs and activities in Pier 29 will facilitate and, in turn, will be facilitated by, the combination of recreation programs and activities planned for the YMCA, the Sports Valley, and the Marine Sports Basin. It should address planned activities that would occur on or interface with the open space/public access	No later than March 15, 2003.

areas and the Northeast Wharf Plaza. Circulation, signage, placement of recreation elements adjacent to one another, and information on expected usage patterns should be elements in the Plan, which may address other elements as well.	
8. PRESENTATION TO PORT COMMISSION. Developer will present its revised Preferred Alternative to the Port Commission at least twice during this ERN extension period.	No later than March 31, 2003 for the first presentation, and September 15, 2003, for the second presentation, provided that Developer will not be held in default if, through no material default of Developer, the Port Commission fails to hear the matter at one of its meetings within these dates.
9. LEASE DISPOSITION AND DEVELOPMENT AGREEMENT. Developer and Port shall reach final agreement on the form of Development Agreement and Lease, including, without limitation, all exhibits.	The earlier of (1) certification of the Project EIR by the Planning Commission, or (2) expiration of the Extended Term.

EXHIBIT D:
STATUS OF PERFORMANCE BENCHMARKS OF THE ORIGINAL ERN

R A REUBEN & ALTER LLP

November 4, 2002

VIA TELEFACSIMILE & U.S. MAIL

James A. Reuben attorney
Andrew J. Junius attorney
Joel Yodowitz attorney
*Sheryl S. Reuben attorney
Kevin H. Rose attorney
Jared J. Eigerman attorney
David Silverman attorney
Mark Hooshmand attorney
*Lisa Alter of counsel
John E. McInerney III of counsel
*Also admitted in New York

Ms. Lynda Swanson
Port of San Francisco
Pier One
San Francisco, CA 94111

Re: Piers 27-31 Mixed-Use Recreation Development Project – Written Report for October 2002

Our File No.: 6101.01

Dear Ms. Swanson:

Pursuant to Section 4(f) of the Exclusive Right to Negotiate ("ERN") Agreement, SF Piers 27-31, LLC, ("SF Piers 27-31") submits this written report for October 2002 in connection with the Piers 27-31 Mixed-Use Recreation Development ("Project"). The monthly reports set forth a meaningful description of the status of compliance by SF Piers 27-31 with the Initial Performance Benchmarks, as well as its other obligations.

A. INITIAL PERFORMANCE BENCHMARKS

1. **Tentative Development Schedule.** Throughout the life of the ERN Agreement, the SF Piers 27-31/YMCA team and Port staff have refined the tentative development schedule for the project. A schedule is included as "Attachment 3" to the Development Memorandum executed by the parties on March 29, 2002. SF Piers 27-31 will make good-faith efforts to meet the tentative development schedule, as it may be amended from time to time by mutual agreement of the parties. *On October 29, 2002, the development schedule was further changed to incorporate greater detail in the environmental review process.*

2. **Initial Due Diligence Investigation.** By September 11, 2001, SF Piers 27-31/YMCA team had substantially completed due diligence investigation of the site, including field measurements, structural analyses and inspections, samples, borings, sediment analyses, historic building surveys and documentation, hazardous materials surveys, and utility availability. Results are published in Books I and II of the proposed Preferred Alternative Project, submitted by the SF Piers 27-31/YMCA team September 12, 2001.

3. **Substantial Completion of Additional Due Diligence.** On December 12, 2001, SF Piers 27-31 confirmed by a letter to the Port that it had substantially completed its additional due diligence, with the sole exception of the title report, completed on January 18, 2002. Korve Engineering further surveyed the site during August 2002.

4. **Preferred Alternative Project.** The SF Piers 27-31/YMCA team has prepared a plan of development that fully describes the proposed Preferred Alternative Project and how it is to be developed and operated. The proposed Preferred Alternative Project is based on the original December 2000 proposal by SF Piers 27-31/YMCA, as modified by the 13 Port Conditions.

On March 29, 2002, the SF Piers 27-31/YMCA team and Port staff executed a Development Memorandum. The Development Memorandum summarizes certain essential terms of the lease disposition and development agreement ("LDDA"), lease and other related transactions. By signing the Development Memorandum after consultations with the Planning Commission, the Executive Director of the Port acknowledges his support for the Preferred Alternative Project on the terms specified within that document.

However, the Development Memorandum is not contractually binding. The parties must still negotiate and execute mutually acceptable agreements based upon information produced from the CEQA environmental review process as well as other public review, public hearing processes and governmental approval processes.

On September 12, 2002, the project team completed new drawings to augment those prepared for the Environmental Review Application. After further consultations with Port staff, the latest drawings, including plans, elevations and sections, were submitted in support of the project's Part 2 Application for Historic Tax Credits to the California Office of Historic Preservation on October 25, 2002.

5. **YMCA Fund-Raising Milestones.** On September 12, 2001, SF Piers 27-31/YMCA team submitted a draft fund-raising program that includes the identity of key fundraising committee members and consultants, and sets forth fundraising milestones agreed upon by the YMCA to raise sufficient funds for the construction of the new YMCA facility proposed as part of the project.

As required in Initial Performance Benchmark No. 5, SF Piers 27-31 has guaranteed the concurrent completion of the YMCA facility without any effect on the Port's percentage rent or other consideration, and without any effect on the long-term presence or economic viability of the YMCA at the project site for the entire lease term. As the project proceeds, the YMCA will begin fundraising in earnest.

6. **Revised Rental Proposal.** In accordance with the amended ERN Agreement, the SF Piers 27-31/YMCA team submitted a revised rental proposal that includes base rent, percentage rent, and other rental terms that are fair market and comply

with terms indicated in the RFP. These rental terms are memorialized in Section IV.A. of the Development Memorandum, executed by the parties on March 29, 2002.

7. **Proceeds of Lease Assignment/Sale, Refinancing, & Historic Tax Credits.** In accordance with the amended ERN Agreement, the SF Piers 27-31/YMCA team submitted a proposal for sharing of proceeds of assignment/sale of lease, refinancing proceeds, and historic tax credits. This proposal is also memorialized in Section IV.A. of the Development Memorandum, executed on March 29, 2002.

8. **Community Outreach Program.** After discussions throughout the life of the ERN Agreement, the SF Piers 27-31/YMCA team and Port staff agreed on a community outreach program for the project, which is included as "Attachment 4" to the Development Memorandum executed by the parties on March 29, 2002.

In accordance with the community outreach program, the SF Piers 27-31/YMCA team continued presentations to communities and groups active throughout San Francisco during October 2002. On October 16, 200, the group presented at the Bayview Hunter's Point YMCA. On October 23, 2002, the group presented at the Tenderloin Community School.

So far, the group has conducted four community outreach presentations, which are planned to reach every corner of the City and County of San Francisco. Special emphasis will be placed upon contacting neighborhood and/or community groups located in and around the Piers 27-31 project site, such as the Telegraph Hill Dwellers, but it is critical to garner city-wide input.

9. **Consultations with BCDC and State Lands staff.** On September 25, 2002, representatives of the Port and the SF Piers 27-31/YMCA team jointly presented the project to State Lands staff, with BCDC staff also in attendance. The group then toured the site on foot. *The Port and the project team intend to begin meeting with BCDC and State Lands staff in break-out sessions during November 2002.*

10. **Presentation to Waterfront Design Advisory Committee.** The team received comments and answered questions from the WDAC as well as the public last fall. *The team intends to bring the project back to WDAC to review the project when the project is ready to begin its formal approval process during spring 2003.*

11. **Presentation to NEWAG.** The team received comments and answered questions from NEWAG as well as the public last fall. *The SF Piers 27-31/YMCA team is scheduled to return to NEWAG on November 6, 2002.*

12. **Presentation to BCDC staff.** *Please see Item 9, above.*

13. Presentation to Port Commission. On September 25, 2001, the full Mills/YMCA team presented the proposed Preferred Alternative to the Port Commission at its regularly noticed public hearing. During public comment, no one spoke in opposition to the project. The commissioners asked no questions. *The Commission will review the LDDA and/or Lease for the project after environmental review is complete.*

14. Part I Application with National Park Service. During August 2002, Carey & Co. drafted a separate Part I (Evaluation of Significance) of the Historic Preservation Certification Application for the Beltline Railroad Office Building, which the team then submitted to the Port for approval.

15. Conceptual Agreement on TDM Program. On December 5, 2001, the parties reached conceptual agreement on a proposed TDM Program, which is included as "Attachment 5" to the Development Memorandum, executed on March 29, 2002. *The parties will refine the TDM Program during environmental review of the project.*

16. Finalization of Development Memorandum. As already noted, the parties finalized the Development Memorandum on March 29, 2002. The Development Memorandum summarizes certain essential terms of the LDDA, lease and other related transactions, including various aspects of the Preferred Alternative Project, but it does not set forth all of the material terms and conditions of those documents.

By signing the Development Memorandum after consultations with the Planning Commission, the Executive Director of the Port acknowledges his support for the proposed project on the terms specified within that document. However, the Development Memorandum is not contractually binding. The parties must still negotiate and execute mutually acceptable agreements based upon information produced during environmental review as well as other public review, hearings and approval processes.

17. Complete Environmental Evaluation Application. The San Francisco Planning Department accepted the team and the Port's joint application on August 2, 2002. *The Planning Department will conduct a scoping session for the EIR that is open to the general public on November 20, 2002, at Pier One, starting at 6:30 p.m.*

18. Concurrence from BCDC. *Please see Item 9, above.*

19. Letter(s) of Interest for Funding. During December 2001, SF Piers 27-31 obtained and submitted letters of interest for funding for the Project to Port staff.

20. Letter(s) of Intent for Retail Component. SF Piers 27-31 is working to obtain letters of intent from recreation-related retail tenants before handover of the site. SF Piers 27-31 will submit letters of intent within the time period specified in the ERN Agreement, as that agreement has been jointly amended.

21. **Substantial Agreement on D.A. and Lease.** Since they finalized the Development Memorandum on March 29, 2002, SF Piers 27-31 and Port staff have set regular, weekly meetings to negotiate the LDDA and Lease forms. These negotiations will be informed by information produced during the environmental review process, as well as from other public review, public hearing and governmental approval processes. *During October 2002, SF Piers 27-31 and Port staff continued to negotiate the terms of the LDDA form. The parties hope to complete those discussions during November 2002. As yet, the Port has not submitted a draft Lease form for discussion.*

B. PERMITS AND REGULATORY APPROVALS

As reported above, the San Francisco Planning Department has determined that a public scoping session is warranted because the project will require review and permit approval by BCDC. On November 1, 2002, the Planning Department mailed a Notice of Preparation ("NOP") that included the date, time and place of the public scoping meeting, and some explanation of the topics and impact analyses that are anticipated to be covered in the EIR. The public scoping meeting will occur November 20, 2002, at Pier One, starting at 6:30 pm.

C. DUE DILIGENCE REVIEW OF THE SITE

By September 11, 2001, SF Piers 27-31/YMCA team had substantially completed due diligence investigation of the site, including field measurements, structural analyses and inspections, samples, borings, sediment analyses, historic building surveys and documentation, hazardous materials surveys, and utility availability. Results are published in Books I and II of the proposed Preferred Alternative Project, submitted by the SF Piers 27-31/YMCA team September 12, 2001. Details about this process appear in the meaningful summaries submitted to the Port for the months of August, July and June. On December 12, 2001, SF Piers 27-31 confirmed by a letter to the Port that it had substantially completed its additional due diligence, with the sole exception of the title report, which was completed on January 18, 2002. Korve Engineering completed a further survey of the project site during August 2002.

D. FINANCIAL PROJECTIONS AND SCHEMATIC DEVELOPMENT PLANS

As part of the proposed Preferred Alternative Project, on September 12, 2001, the SF Piers 27-31/YMCA team submitted complete financial projections and schematic development plans. As it had since September 2001, the team continued to revise and discuss such projects and plans with Port staff up until execution of the parties' Development Memorandum on March 29, 2002. A schematic site plan, showing both levels of the Project, was included with "Attachment 1" to the Development Memorandum. The financial projections and the schematic development plans may require further refinement based on information gained during environmental review.

On August 2, 2002, the team and the Port jointly submitted the project's environmental review application, including schematic site plans to the San Francisco Planning Department. *On October 25, 2002, the team and the Port submitted the plans, plus elevation and section drawings, in support of the project's Part 2 Application for Historic Tax Credits to the California Office of Historic Preservation.*

E. EXERCISE OF FIRST OPTION PERIOD

On December 11, 2001, SF Piers gave written notice to the Port that it had exercised its first option to extend the Exclusive Negotiation Period, and paid the First Option Payment of $50,000.

F. EXERCISE OF SECOND OPTION PERIOD

On June 11, 2002, SF Piers gave written notice to the Port that it had exercised its second option to extend the Exclusive Negotiation Period, and paid the Second Option Payment of $50,000.

Very truly yours,

REUBEN & ALTER, LLP

Jared Eigerman

cc (via fax): Byron Rhett, Port
Neil Sekhri, Port
Carla Bagneschi, Port
Steve Jacobsen, SF Piers
Mark Dorigan, SF Piers
Peter Lehrer, SF Piers
David D'Onofrio, SF Piers
Marta Bolsinger, YMCA
Barbara French, Reputation
Sam Singer, Singer & Assocs.
Steven Ka

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EXHIBIT E: CURRENT SCHEDULE

EXHIBIT E

PIERS 27-31 PROJECT
Remaining Schedule of Major Development Activities (as of 10/31/02)

LIST OF MAJOR ACTIVITIES	Per Mills 10/31/02	Status
Development Memorandum: Execution by Port Executive Director and Mills (Basis for future public review & approval process)	3/29/02	Done
Historic Tax Credit Application: Part 1 Filed	4/1/02	Done
Environmental Review Application[1]: Filed with MEA after Port Staff Review	8/2/02	Done
Historic Tax Credit Application: Part 2 Filed	10/22/02	
BCDC: Initial Review	9/25/02	
State Lands Commission: Initial Presentation at Pier 29	9/25/02	
Historic Tax Credit: Final NPS Finding	11/30/02	
LDDA: Completion of "Conceptual Agreement" on form a) Development Agreement b) Lease	12/12/02	DA drafted Lease to be drafted & negotiated
Extension of Exclusive Rights to Negotiate (to Jan 04)	12/02	
Draft EIR: Publish	2/03	
State Lands Commission: Determination of Public Trust	3/03	
EIR: Certification by Planning Commission	9/03	
EIR: Port Commission Approval of CEQA Findings	9/03	
LDDA: Approval by Port Commission	10/03	
BCDC: Project Approval: [2]	10/03	
Lease Approval: Board of Supervisors	11/03	
Schematic Design: Complete	3/03	

[1] Transportation Demand Management Program not required at this point.
[2] After all local approvals except the Board of Supervisors

LIST OF MAJOR ACTIVITIES	Per Mills 10/31/02	Status
Design Development: Complete	6/03	
Construction Documents Site & Bldgs: Complete	10/2/03	
Tenant Notice: Port Terminates Leases/Tenants Vacate	4/12/04	
Lease: Conveyance by Port	12/1/03	
Close of Escrow: Mills Notice to Port	12/11/03	
Lease: Execution & Site Turnover	4/13/04	
Construction: Start (Piers)	8/3/04	
Piers 29-31 Rehab Complete	10/16/05	
YMCA Building Complete	10/16/05	
Construction Completion	12/5/05	

EXHIBIT F:
PROPOSED PERFORMANCE BENCHMARKS FOR THE ERN EXTENSION

EXHIBIT F
PROPOSED PERFORMANCE BENCHMARKS FOR ERN EXTENSION

[Capitalized terms have the meanings ascribed to them in the Exclusive Right, or if not defined therein, in the RFP]

BENCHMARK	TIME FOR PEFORMANCE
1. TENTATIVE SCHEDULE. Developer and Port will agree on a tentative Schedule for the development of the Project including, without limitation, a timetable for Project design, regulatory approvals, community outreach, construction and lease commencement date; such schedule to be revised, as the project progresses.	Developer will continue to submit revised Schedules to Port staff , beginning no later than January 1, 2003, said schedule to be agreed upon by Port staff and Developer not less than every 30 days thereafter, unless requested by the Port to update in response to a significant event affecting the project.
2. COMMUNITY OUTREACH. Developer and Port have agreed upon community outreach program and Developer has met goals of program in timely manner; during the period of the ERN extension this program will continue as agreed. In addition, Developer will offer to meet with the Northeast Waterfront Advisory Group (NEWAG) no fewer than six (6) times.	No later than January 31, 2003, and at least every 60 days thereafter during the Extended Term, Developer shall present the Project to NEWAG for review, comment and question, provided that Developer will not be held in default if, through no material default of Developer, the Northeast Waterfront Advisory Group fails to meet, or fails to request attendance of the Developer at its meetings at such times during the Extended Term.
3. CHANGES TO PREFERRED ALTERNATIVE PLAN. If the Preferred Alternative Plan is substantially modified during the period of the ERN extension, particularly as a result of direction provided from a regulatory entity empowered to authorize such a change, the Developer shall provide pertinent information to illustrate those changes, including, but not limited to: (a) Schematic or conceptual designs, general site plans, elevations, and perspective drawings, models, photographs or other representations showing the general design and space allocation; (b) general location of uses; circulation; (c) landscaping; and (d) relationship of the Project to its surroundings (such designs shall directly address the Port Conditions pertaining to the design and programming of the Project); (e) development costs projections; and (f) preliminary cash flow projections (including development costs and detailed operation pro	Within 45 days of a substantial change

formas for the first 10 years of operation).	
4. YMCA SITE PLAN ON PIER 27. The Developer shall submit a refinement of the August 2, 2002 revised Preferred Alternative Site to the Port, illustrating how the area on the exterior of the YMCA building, to the southwest, will be activated and will serve to reinforce activities and uses on the Northeast Wharf Plaza, to which it is adjacent.	No later than February 28, 2003.
5. YMCA GUARANTY. Developer has provided Port with (1) a Guarantee from the Mills Limited Partnership, guaranteeing all of the obligations under the LDDA, including, without limitation, construction period rent, and completion of all of the improvements, including the YMCA building, that is given by a financially sound entity having, and (2) provided evidence showing that the Guarantor has guaranteed the concurrent completion of the full YMCA facility proposed without any effect on the Port's participation rent or other consideration under the Lease or LDDA, and without any effect on the long-term presence or economic viability of the YMCA at the Project site for the entire Lease term.	Developer will provide Port with a form of Guaranty acceptable to Port no later than March 31, 2003, delivery of which guarantee shall become a condition precedent to Port's obligation to deliver a leasehold to Developer.
6. YMCA FUNDRAISING. Developer and the YMCA shall report to Port staff at least every three months during the Extended Term, the non-confidential details of the YMCA's fundraising activities, including number of persons contacted and response, future planned fundraising activities, changes in the fundraising program, and other information reasonably requested by Port.	No later than each of the following dates during the Extended Term: March 31, 2003; June 30, 2003, September 30, 2003, and December 31, 2003.
7. INTEGRATED RECREATION PLAN. Based on the revised Preferred Alternative Project as shown on the August 2, 2002 site rendering, Developer shall prepare an Integrated Recreation Plan that describes how the indoor recreation programs and activities in Pier 29 will facilitate and, in turn, will be facilitated by, the combination	No later than March 15, 2003.

of recreation programs and activities planned for the YMCA, the Sports Valley, and the Marine Sports Basin. It should address planned activities that would occur on or interface with the open space/public access areas and the Northeast Wharf Plaza. Circulation, signage, placement of recreation elements adjacent to one another, and information on expected usage patterns should be elements in the Plan, which may address other elements as well.	
8. PRESENTATION TO PORT COMMISSION. Developer will present its revised Preferred Alternative to the Port Commission at least twice during this ERN extension period.	No later than March 15, 2003 for the first presentation, and September 15, 2003, for the second presentation, provided that Developer will not be held in default if, through no material default of Developer, the Port Commission fails to hear the matter at one of its meetings within these dates.
9. LETTER OF INTEREST FROM POTENTIAL TENANTS. Developer will submit to Port letter(s) of intent, including fundamental sublease terms (including, without limitation, proposed lease term and approximate square footage of sublease premises for each proposed subtenant), from potential recreation-related tenants for no less than 80% of the retail portion of the Project	No later than June 30, 2003.
10. LEASE DISPOSITION AND DEVELOPMENT AGREEMENT. Developer and Port shall reach final agreement on the form of Development Agreement and Lease, including, without limitation, all exhibits.	The earlier of (1) certification of the Project EIR by the Planning Commission, or (2) expiration of the Extended Term.

PORT OF SAN FRANCISCO

MEMORANDUM

November 12, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Maintenance and Management Agreement with the Redevelopment Agency of the City and County of San Francisco for Rincon Park

DIRECTOR'S RECOMMENDATION: AUTHORIZE EXECUTIVE DIRECTOR TO NEGOTIATE AND ENTER INTO A MAINTENANCE AND MANAGEMENT AGREEMENT WITH THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO FOR RINCON PARK

BACKGROUND

The Port owns certain land (" the Premises") located between the Waterfront Promenade to the east and Steuart Street and the Embarcadero to the west, as shown in Exhibit A attached hereto. The Premises are located within the Rincon Point subarea of the Rincon Point/South Beach Redevelopment Project Area, as designated in the Rincon Point – South Beach Redevelopment Plan, originally adopted and approved by the San Francisco Board of Supervisors on January 5, 1981, as subsequently amended ("Plan"). The Premises are designated under the Plan for use as a public park.

The Premises are adjacent to a parcel bounded by Steuart, Spear and Folsom Street and by a Caltrans owned right-of-way on the north (the "Office Site"). The Office Site is the subject of a Disposition and Development Agreement ("DDA") between the Agency and the Gap, Inc. for development of an office building. The Gap's obligation to develop the Office Site was contingent upon the Agency entering into an Agreement to Lease the Premises from the Port for a term of 65 years, for construction of a public park at a cost of up to two million dollars.

THIS PRINT COVERS CALENDAR ITEM NO. 6A

Pursuant to the Lease Agreement dated September 7, 2001 (the "Master Lease"), the Agency leased from the Port the Premises with the goal of developing the site into a public park.

The Gap, Inc. assigned all of its right, title and interest in the DDA to GPS Management Services, Inc., a California corporation ("GPS") pursuant to that certain Assignment and Assumption of DDA dated September 1, 1988. Pursuant to the DDA, GPS completed construction of the office building in 2001 and is now constructing a public park on the Premises (the "Rincon Park").

The Rincon Park will include street trees, lawn cover, shrubs and perennials, irrigation and lighting systems. In addition to the Premises, the Rincon Park will encompass a small portion of Herb Caen Way (the "Encroachment Area") which is subject to a Revocable Encroachment Permit (the "Encroachment Permit") between the Agency and the Port dated September 7, 2001 and several Street Lamps located along a portion of Herb Caen Way. The Encroachment Area and the Street Lamps are to be maintained by the Agency pursuant to the Encroachment Permit and the Rincon Park Street Lamps Agreement between the Agency and the Port dated September 7, 2001.

Additionally, the Rincon Park will display sculptured artwork created by Claes Oldenburg and Coosje Van Bruggen "Cupid's Span" (the "Sculpture"). The Sculpture is to be maintained by the Agency pursuant to the Sculpture Maintenance and Repair Agreement dated September 7, 2001 executed between the Agency and the GPS.

The Agency desires to obtain professional management services to provide maintenance, security and overall management of the Rincon Park's operations including the Premises, Encroachment Area, Street Lamps and Sculpture. The Port's Maintenance Department currently provides general maintenance and janitorial services for much of its property. Because the Rincon Park is located within the Port's jurisdiction, the Port desires to manage it on behalf of the Agency.

The respective staff of the Agency and Port have negotiated the terms under which the Port would provide maintenance security and overall management services to Agency for Rincon Park, as depicted on the term sheet attached hereto as Exhibit B (the "Term Sheet"). Some of the fundamental business terms are outlined below.

TERMS OF PROPOSED MAINTENANCE AND MANAGEMENT AGREEMENT (THE "AGREEMENT") FOR RINCON POINT PARK

The fundamental business terms of the Agreement are set forth below:

1. **Premises:** The area to be managed under the Agreement shall be the "Rincon Park", which consists of the approximately two (2) acres comprising the Premises, as more particularly described in Exhibit A, as well as the Encroachment Area, Street Lamps, and Sculpture.

2. **Term of Agreement:** The term of the Agreement shall be for three (3) years, unless earlier terminated in accordance with the terms of the Agreement.

3. **Scope of Services:** The Port shall be responsible for the operations, maintenance and provision of security of the Rincon Park, including overall (a) management, (b) scheduling of special events, (c) landscape and hardscape maintenance, (d) Sculpture maintenance and such other necessary services reasonably required to keep the Rincon Park clean and well-maintained in accordance with the terms of the Agreement.

   Rincon Park maintenance shall include the sweeping and cleaning of the public seat benches located along certain portions of Herb Caen Way as defined in the Encroachment Permit; maintenance of the Sculpture as set forth in the Sculpture Maintenance Agreement Manual; and the maintenance and repair of the Street Lamps consistent with the terms of the Street Lamp Agreement. In addition, as part of providing security services under the Agreement, the Port shall provide security to the area surrounding the JC Decaux public restroom consistent with the Rincon Park Public Restroom Security Agreement dated September 7, 2001 between the Port and the Agency.

4. **Budget:** The Port shall perform the services required under this Agreement in accordance with a budget, to be negotiated and approved by the respective parties annually. The Port and Agency have agreed upon a budget in the amount of $388,999, attached hereto as Exhibit C.

5. **Security Plan:** The Port will prepare and submit a "Security Plan" to the Agency for review and approval within 30 days of the commencement date of the Agreement. The Security Plan shall provide for no less than $100,000 worth of security services, which shall be paid for by GPS. The Security Plan will include a schedule of services to be provided in the initial phase of Rincon Park operations as well as a management approach for adjusting the services to accommodate actual visitor activity patterns at the Rincon Park.

6. **Sculpture Budget:** The Port shall establish a Sculpture Budget based on the maintenance guidelines detailed in the Sculpture Maintenance Manuel. The Port shall submit directly to GPS detailed invoices for all expenditures related to the repair and maintenance of the sculpture on a quarterly basis or such other frequency as mutually agreed upon by the Port and GPS.

7. **Compensation:** Prior to the commencement of any contract year, the Agency shall wire transfer to the Port funds equaling half of the total expenditures in the final approved budget. The remaining funds shall be wire transferred to the Port within the first seven (7) days of the seventh month of the contract year.

8. **Termination:** Either the Agency or the Port may terminate the Agreement at will, without cause, upon providing to the other 60 days prior written notice of termination; provided, however, that in the event of a termination, the Agency shall compensate the Port for work completed as of the date of termination specified in and directed by such notice. All unexpended funds given to the Port for the contract year in which the Agreement is terminated other than fixed costs shall be returned to the Agency.

9. **Rincon Park Code Regulations:** Part of Term Sheet in performing the services required under the Agreement, the Port shall comply with the San Francisco Port Code, Ordinance No 92-00, adopted May 1, 2000 as amended from time to time by the City's Board of Supervisors (the "Rincon Park Code"). Pursuant to Section 7.1 of the Rincon Park Code, the Agency may, from time to time, establish special rules governing the use of the Rincon Park. In the extent a conflict between the Agreement and the Rincon Park Code exists, the Rincon Park Code shall prevail over the Agreement and the Agency agrees that the Port shall not be held liable for any acts performed by the Port in accordance with the Rincon Park Code even if such acts conflict with the terms of the Agreement.

10. **Indemnification:** Port will indemnify, defend and hold harmless Agency for all claims arising out of or connected to performance of the Agreement by Port, its subcontractors or agents, other than "Non-Covered Claims". The Non-Covered Claims will be further negotiated by staff in consultation with the City Risk Manager and the City Attorney's office.

11. **Insurance:** Port will maintain insurance coverage in an amount and form as reasonably negotiated by staff in consultation with the City Risk Manager and the City Attorney's office.

RECOMMENDATION

Port staff recommends that the Commission approve the attached resolution authorizing the Executive Director to negotiate and enter into the Agreement with the Redevelopment Agency for the maintenance and management of Rincon Park substantially on the terms set forth in the Term Sheet.

Prepared by: Mark Lozovoy, Assistant Deputy Director, Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-59

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Under Charter Section 3.581(g), contracts granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, The Port owns certain land located between the Embarcadero Promenade to the east and Steuart Street and The Embarcadero to the west, which lands are designated under the Rincon Point/South Beach Redevelopment Plan for use as a public park;

WHEREAS, In 1995, the Port Commission and the Redevelopment Agency of the City and County of San Francisco (the "Redevelopment Agency") entered into an Agreement to Lease for a 65 year term for the construction and operation of a public park referred to as the "Rincon Park";

WHEREAS, The Rincon Park is being constructed and is scheduled to open to the public in December, 2002;

WHEREAS, The Redevelopment Agency desires to obtain professional management services to provide maintenance, security and overall management of the Rincon Park;

WHEREAS, The Rincon Park is located within the Port's jurisdiction and the Port desires to provide maintenance and management services to the Redevelopment Agency;

WHEREAS, The respective staff of the Port and the Redevelopment Agency have negotiated the terms under which the Port would provide maintenance and management services, as described in the Staff Memorandum for Agenda Item 6A (the "Staff Memorandum"), including a budget for first year of the contract;

WHEREAS, Port staff recommends the Commission authorize the Executive Director to negotiate and enter into a Maintenance and Management Agreement between the Port and the Redevelopment Agency on terms substantially consistent with the terms in the Staff Memorandum; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director, or his designee, to negotiate and enter into on behalf of the Port a Maintenance and Management Agreement with the Redevelopment Agency on terms substantially consistent with the terms set forth in the Staff Memorandum and in a form approved by the City Attorney's office.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 12, 2002.

_____
Secretary

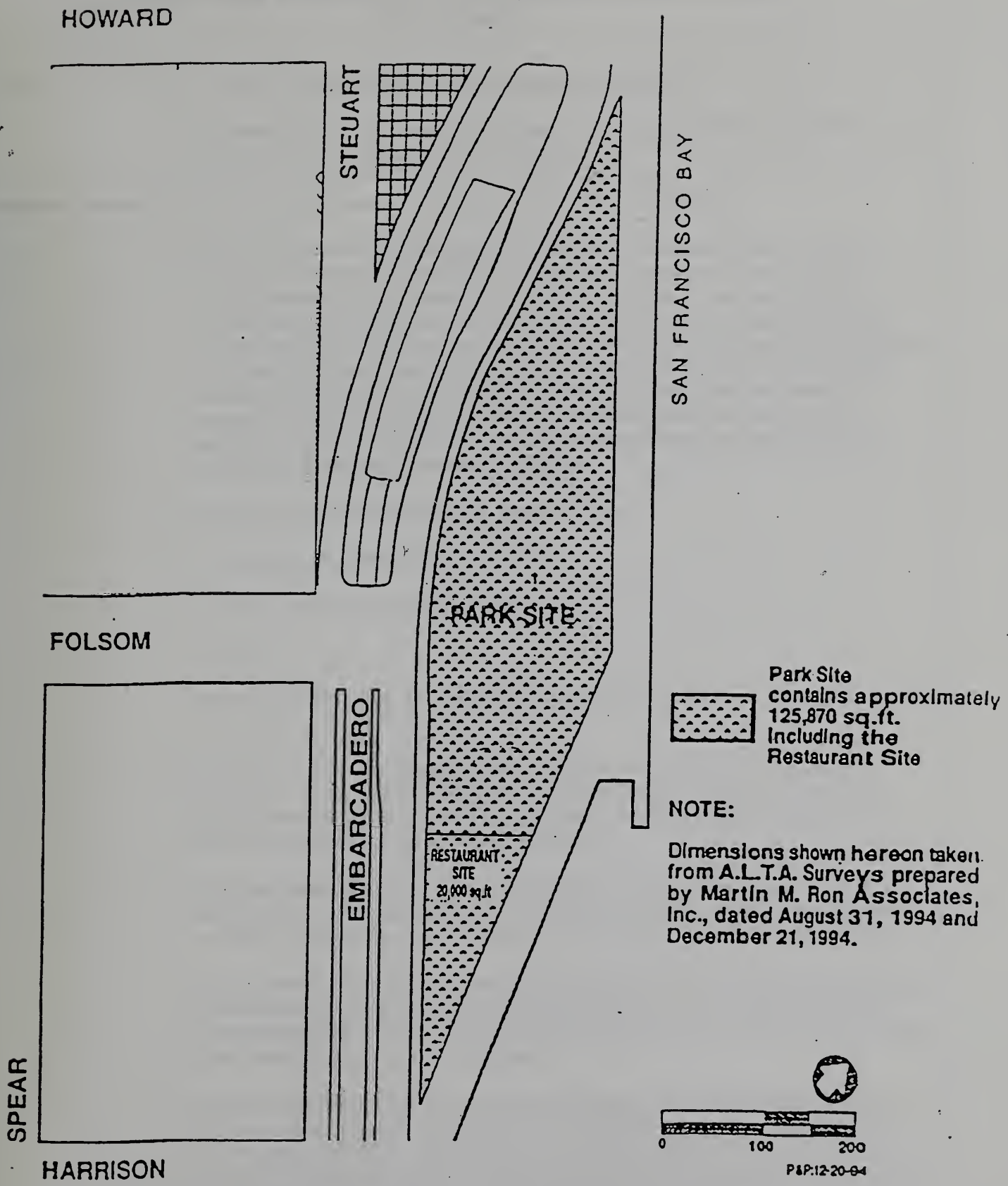
HOWARD
STEUART
SAN FRANCISCO BAY
PARK SITE
FOLSOM
EMBARCADERO
RESTAURANT SITE 20,000 sq.ft
SPEAR
HARRISON
Park Site contains approximately 125,870 sq.ft. including the Restaurant Site
NOTE:
Dimensions shown hereon taken from A.L.T.A. Surveys prepared by Martin M. Ron Associates, Inc., dated August 31, 1994 and December 21, 1994.
0
100
200
P&P:12-20-94

EXHIBIT A

EXHIBIT B
Rincon Park Maintenance and Management Agreement
Term Sheet

Term	• 3 Years, unless terminated earlier pursuant to Agreement • "Contract Year" is 12 month period commencing as specified (based on Park delivery date)—fill in when Agreement is executed.
Scope of Services	• Overall management services as needed to provide first-class park • Generally, Park shall be managed and maintained for long-term public use and enjoyment; hardscape and furnishings shall be kept clean and in good repair; equipment and utility systems shall be kept in good repair; landscaping shall be maintained to high standards for long-term health and shall be weeded, trimmed, mowed regularly, with plants replaced as needed; trash shall be emptied as needed and all refuse picked up from grounds, hardscape swept and regularly steam-cleaned; graffiti shall be removed promptly and other repairs undertaken and completed promptly; security shall be provided to ensure public safety and protection of property; special events shall be permitted and appropriately managed to ensure orderly enjoyment and protection of property. • Maintenance, as further detailed in attached Scope • Landscaping, as further detailed in Scope • Janitorial, as further detailed in Scope • Utilities • Port may establish rules and regulations for public use of the Park, pursuant to the Port Park Code. • Security—in doc: Gap is paying $100,000/year for each of first 10 years; Port to expend no less than $100,000/year for security services; security to be provided through licensed outside security firm; Port shall establish Security Plan--describe general considerations—provide copy to Agency. • Sculpture Maintenance—in doc: Sculpture Repair and Maintenance Agreement provides that Agency shall maintain sculpture, GPS will pay. Specify that Port will fulfill this function, Agency will arrange for Port to have direct access to the funds. • Special Events—Port shall propose and Agency Representative shall establish Special Events Policy for type, size, and frequency of special events. Port shall establish permitting procedures, including fees and other financial requirements, and shall make final decisions about issuance of permits. • Key Staff—Gardener, Laborer and Property Manager are considered "Key Staff." Port has represented that staffing levels for Key Staff as shown on Approved Budget are necessary to fulfill Scope of Services and maintain Park in first class condition. Port agrees that it appropriately-trained personnel shall actually work on Rincon Park work in each of the Key Staff job classifications for not less than the number of hours specified for that job classification in the Approved Budget.

Start-up Tasks	• Security Plan—to be established by Port, copy to Agency, within 30 days, as amended from time to time. • Special Events Policy—to be established by Port (with type, frequency and size approved by Agency), copy to Agency within 90 days, as amended from time to time. • Emergency Response Plan—to be established by Port, copy to Agency, within 90 days, as amended from time to time.
Budget	• Port to fulfill Scope of Services for Approved Budget, with exception of sculpture maintenance, which shall be paid in addition, pursuant to agreement Sculpture Repair and Maintenance Agreement. • Budget to be set for each Contract Year, by approval of Agency Commission. • "Approved Budget" for first Contract Year attached. • Agency shall transfer ½ of Approved Budget to Port, in advance, for each six-month period. Initial payment within 15 days of start of first Contract Year, subsequent payments by start of each six-month period, except as required under Terminations • Port shall present proposed budget by December 1 for next Contract Year, including projected line item expenses, staffing levels, revenues and expenses related to permitted special events, other info reasonably requested by Agency. Port shall provide any revisions to proposed budget by February 1. Agency and Port Representatives shall consult regarding proposed budget during preparation and review of Agency's budget, and prior to staff submission of proposed Park budget to Agency Commission. • Agency shall use good faith efforts to have Agency Commission establish Approved Budget no later than 90 days prior to the commencement of the next Contract Year.
Reports & Inspections	• Quarterly Report a) Financial Report—actuals v. budget, by month and year-to-date; actual staffing hours with timesheet back-up; sculpture maintenance financial activity b) Maintenance Report—work undertaken, inspection reports on irrigation, lighting, sculpture maintenance activities c) Horticultural Report—work undertaken, inspection report on all landscaping d) Management Report—special events, security activities, general park usage levels, staffing activities, future activities • Annual Report—Summary of activities of past year, results of Agency/Port annual inspection, plans for following year. • Inspections—Agency and Port Representatives shall conduct an annual joint inspection at end of Contract Year in preparation for Annual Report; other joint inspections as requested by either party; Agency has right to inspect at any time.

	A	B	C	D	E	F	G	H	I	J	K	L	M
7	OBJECT ACCT	DESCRIPTION	BUDGET	OBJ -TOTAL	LAWN CARE	GROUND COVER CARE	TREE & SHRUB CARE	PAVED AREA CARE	COLOR AREA CARE	SPECIAL CONSIDERATIONS	ADMINISTRATION	CHECK TOTAL	COMMENTS
8	001-020	PERSONAL SERVICES	SAL+MF+OH										
9		3417-GARDENER	61,395		30,697	9,209.20	8,139.47		12,278.93	3,069.73		61,395	LANDSCAPE, TREES
10		7514-LABORER	49,833		9,967	9,967	9,967	9,967	9,967			49,833	GRAFITTI, TRASH COLLECTIONS
11		7347-PLUMBER	7,586							7,586		7,586	IRRIGATION INSPECTIONS, DRAINS, SEWERS
12		7345-ELECTRIAN	6,983							6,983		6,983	AS-NEEDED RE-LAMPINGS
13		7348-PAINTER	6,873							8,873		8,873	AS-NEEOED FOR GRAFFITI & POLES
14		9395-PROPERTY MANAGER	59,435								59,435	59,435	LEAD COORDINATOR, OVERSITE, AND REPORTING
15		7263-MAINTENANCE MGR	13,369								4,456	4,456	AS-NEEDED COORDINATION W/ MAINT ON SPECIAL EVENTS
16			-								-	-	
17		SUB-TOTAL 001-020 FOR PERSONAL SERVICES		207,475	40,664	19,176	16,106	9,967	22,246	26,512	63,891	198,561	
18													
19	040	MATERIALS & SUPPLIES											
20		04911-PERENNIALS	1,000						1,000			1,000	
21		04911-GROUND COVER	1,000			1,000						1,000	
22		04911-FERTILIZER	2,000		1,000	1,000						2,000	
23		04299-JANITORIAL SUPPLIES	3,200		640	640	640	640	840			3,200	
24		SUB-TOTAL 040 FOR MATERIALS & SUPPLIES		7,200	1,640	2,640	640	640	1,840	-	-	7,200	
25													
26	021	NON-PERSONAL SERVICES											
27		02799-SOILS CONSULTANT	3,000							3,000		3,000	
28		02803-PEST CONTROL	2,801		700.25	700.25	700.25		700.25			2,801	
29		02811-SECURITY SERVICES	100,000								100,000	100,000	
30		SUB-TOTAL 021 FOR NON-PERSONAL SERVICES		105,801	700	700	700	-	700	3,000	100,000	105,801	
31													
32	032	UTILITIES-UNDER SEPARATE METERS											
33		03211-WATER, SEWAGE, & ELECTRICAL	18,000		12,006	2,997	2,997					18,000	
34		SUB-TOTAL 032 UTILITIES		18,000	12,006	2,997	2,997	-	-	-	-	18,000	
35													
36	060	EQUIPMENT											
37		06000- LAWNMOVER & TRAILER	7,000		7,000							7,000	
38		SUB-TOTAL 060 FOR EQUIPMENT		7,000	7,000	-	-	-	-	-	-	7,000	
39													
40	081	INTER-DEPARTMENTAL SERVICES											
41		081CA-RISK MANAGER-INSURANCE	25,000								25,000	25,000	PER CITY RISK MGR, ESTIMATE OF CASUALTY PORTION. SEE EMAIL DATED 1/31/02
42		SUB-TOTAL 081 FOR ID SERVICES		25,000	-	-	-	-	-	-	25,000	25,000	
43													
44	06B	CONTINGENCY 5%	18,524	18,524							18,524	18,524	
45		GRAND TOTAL	388,999	388,999	62,010	25,513	20,443	10,607	24,586	29,512	207,415	380,086	
46													

EXHIBIT C

PORT OF SAN FRANCISCO

MEMORANDUM

November 6, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request to Amend Lease No. L-12778 with Bauer's California Coach Sales & Service (dba Bauer Limousine) for storage and operation of ground transportation services at Pier 27.

DIRECTOR'S RECOMMENDATION: Amend Lease No. L-12778 as of August 15, 2002.

BACKGROUND:

Bauer's California Coach Sales & Service, Inc. (dba Bauer's Limousine) has operated their limousine service at Pier 27 on a lease that began August 15, 1999 and expired on August 14, 2002 for 31,050 sq. ft. of shed space with 1,900 of office space. The tenant also has a non-exclusive right of vehicular access across 4,546 sq. ft. of common area within the shed. Bauer is currently on a month-to-month holdover. The base rent of $17,077.50/mo. is subject to annual CPI increase as of 9/1/02.

The economic downturn after 9/11/01 caused a significant decline in the tenant's business. Because of this, the Executive Director granted a three-month rent deferral, to be repaid at the end of the lease term. The rent deferred is in the amount of $56,929.56. Port staff and the tenant have negotiated repayment of this debt through a 1-year extension to the lease, subject to Commission approval, as follows.

PROPOSAL:

Bauer Limousine has requested a one-year lease extension effective August 14, 2002.

This Print Covers Calendar Item No. **6B**

The terms are as follows:

1. Rent will continue under the CPI-adjusted rent provisions of the current lease, which was adjusted to $19,234.39 per month effective 9/1/02.

2. Bauer will obtain a Letter of Credit or Financial Guarantee Bond for half of the deferred rent, $28,464.78, payable to the Port, with payment to the Port available up to one month after the lease expiration date of 8/15/03 without any further action on the part of the tenant.

3. Bauer will pay the remaining half of the deferred rent, $28,464.78 in ten (10) equal monthly installments of $2,846.48 commencing on 10/14/02 in addition to the base rent amount.

4. The notice of termination requirement has been amended from six (6) to two (2) months.

RECOMMENDATION:

Port staff recommends amending Lease No. L-12778 to enter into a new one-year term effective August 14, 2002. New standard lease provisions have been added, the lease has been amended to provide for repayment of the deferred rent as described above, and Paragraph 4.2 is amended to reduce the notice provision from six (6) months to two (2) months notice to vacate.

This lease extension fulfills the Port's objectives of extending and amending leases to allow continued occupancy at Piers 27, 29 and 31 on a short term basis to maintain revenue stream until the property is transferred per the Port's agreement with Mills.

Prepared by: Carol Anderson, Assistant Deputy Director

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-60

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g) leases granted and made by the Port should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on June 1,1999, the Port entered into Lease No. L-12778 with Bauer's California Coach Sales & Service, Inc., affecting 31,050 square feet of shed space at Pier 27; and

WHEREAS, Bauer's California Coach Sales & Service, Inc. has requested that the Port extend their lease for one year, until August 15, 2003, subject to entering into a payment plan incorporated into a lease amendment to repay half of the deferred rent in ten (10) equal monthly installments, and providing the Port with an unrestricted Letter of Credit or Financial Guarantee Bond for the remainder; and therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to amend Lease No. L-12778 effective August 15, 1999 consistent with the business terms set forth in the memorandum to the San Francisco Port Commission for Agenda Item 6B for the Port Commission meeting of November 12, 2002.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of November 12, 2002.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

NOVEMBER 12, 2002
MINUTES OF THE REGULAR MEETING

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MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
NOVEMBER 12, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 4:05 p.m. The following Commissioners were present: Michael Hardeman, Brandon, Denise McCarthy & Pius Lee. Commissioner McWilliams was not present.

2. APPROVAL OF MINUTES - October 29, 2002 Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the October 29, 2002 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- **Rincon Park**, the City's newest 2-acre park located on the Embarcadero between Howard and Harrison Streets is nearing completion. The public will soon enjoy this beautifully landscaped park with sweeping views of the bay and a restaurant site, including a public plaza for outdoor dining. The 60-foot tall Cupid's Span art sculpture by famous artist, Claus Oldenburg, is expected to be installed before the Thanksgiving holiday. Port staff, along with the Redevelopment Agency, the GAP and the Mayor's office are planning a public celebration for the grand opening of Rincon Park early after the new year.

- **Drydock #1**: Peter Dailey, Maritime Director reported that on November 7, 2002, at approximately 7:45 PM, witnesses observed Drydock #1, which was moored at Pier 70, drift away from the pier in very high winds, reportedly 80 miles per hour. The drydock dimensions are approximately 654' long by 120' wide by 9' deep. Subsequent inspection of Pier 70 revealed that two large bollards were pulled off the pier plus a number of smaller cleats. The drydock drifted across San Francisco Bay to Yerba Buena Island, where it went hard aground. The Coast Guard confirmed the drydock was not a hazard to navigation in the location where it went aground. No loss of life, injuries, or pollution was reported. In coordination with the Coast Guard, the Port has arranged stand-by tugboats to make sure the drydock remains in place. A surveyor and a consultant have attended the site on behalf of the Port, and the situation is stable. Removal & salvage options are being developed, which require Coast Guard approval. Mr. Dailey thanked the Maintenace crew: Guadalupe Thomas, Tom Petersen and Alex Lee and Maritime staff: Mike Nerney & Denise Turner for their efforts. Staff will keep the Commission abreast on the status of the drydock.

4. CONSENT

A. Approval of First Amendment to maritime industrial lease with Pacific Cement Company, L.L.C. for space at Seawall Lot 352. (Resolution No. 02-56)

Francisco Da Costa, Environmental Justice Advocacy, indicated that in the last three months, they have been looking at the Port in its totality. They understand that there are a number of companies, such as Pacific Cement, that deal with sand, aggregate and concrete which create a lot of dust. He asked the Commission to encourage those companies to have a dialog with the community. They find it ridiculous that some companies follow very stringent and ridiculous instructions and other companies just come and do as they please and are given a long-term lease. The Illinois Bridge will be constructed in the area and another one will be constructed shortly. He asked the Commission to be compassionate to the community and its residents. Their area already has two PG&E plants. Eight out of ten children in the community suffer from asthma. The diesel fuel and dust particles add up to the problem. He asked the Commission to look at liquid gas and other elements that can keep down the diesel emissions. He suggested that Pacific Cement give a donation to help in the cause.

Andrew Bozeman, Bayview Hunters Point, was concerned about this proposal. On page 2 of the staff report, the applicant was required to be in compliance but did not meet those compliance issues. Specialty Crushing has met many of the compliance issues and is still being refused a lease. Bayview Hunters Point was recently the subject of a special on KQED stating that it has one of the highest rate of asthma in the country. This is yet another situation where the Port is putting more dust into their lungs. They feel that the Port is not paying attention or caring about the people. They would like to have some input into this situation. Pacific Cement is being required to contribute for a bridge that they are in dispute about. They would like to have some consideration because their lungs have been affected. They would like to be involved in the process. They would like to have public comment, public hearing or some public airing of this situation.

Commissioner Brandon inquired about the compliance issues he referred to. Mr. Bozeman replied that he was referring to Page 2 of the staff report regarding Pacific Cement's non-compliance with all applicable required mitigation measures from the Southern Waterfront SEIR. Commissioner Brandon asked Ms. Oshima to address his concerns.

Diane Oshima, Planning & Development, indicated that in terms of the mitigation measures requirements in the EIR, those take place once the project gets underway. One of the reasons this item is before the Commission is because the tenant has not moved forward in the original schedule for initiating the actual construction plan for this project. There are construction and operational mitigation measures that have not been triggered yet because Mr. Ramirez has not moved forward on doing improvements on the site. Once the permits come through and the improvements actually start, there would be mitigation measures that would be triggered.

Commissioner Brandon asked if there are standard mitigation measures that are included in all Port leases. Ms. Oshima replied that during the construction phase for these types of projects in the area, many of the measures are focused on reducing dust that can be

emitted while their equipment and vehicles are accessing the site. There are also compliance with the Maher Ordinance, which is applicable to Pacific Cement's lease, for any analysis of soil where if they are going to be using more than 50 cu. yds. As an additional condition the Port Commission has imposed on Pacific Cement to prepare a stormwater plan that would prevent runoff into the sewer system. Most of the concrete batch operators are contemplating on designing their site so that all the runoff could be kept on site and/or recycled back into their operation. Once the company is in operation, there are provisions to reduce or eliminate their dust impacts from stockpiles or materials that they used. Mr. Ramirez's enclosed facility was approved as part of their lease. There are provisions that provide economic incentive to the tenant such as rent credits for fixing their trucks and equipment to reduce diesel emissions. These provisions will be enforced once they are operational.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-56 was adopted

B. Request for approval to amend Lease No. L-12692 with American Red Cross, Bay Area Chapter, affecting shed space at Pier 27. (Resolution No. 02-57)

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 02-57 was adopted

C. Request for Port Commission ratification of Port Deputy Director of Real Estate approval of eight (8) sublease agreements by various fish processing tenants at Pier 45, Sheds B & D. (Resolution No. 02-58)

Dan Strazzullo, All Shores Seafood, indicated that the Commission is being asked to approve the subleases that Port staff entered into last year; however, those subtenants have been on the premises for at least five years. At least four more subtenants were not included in the staff report. He asked if the Commission is just becoming aware of the approved subtenancies and he asked about the four missing subtenants.

Commissioner Hardeman suggested that Mr. Strazzullo, in the future, should contact staff about items on the agenda so they could address his concerns.

Ken Winters, Director of Real Estate, indicated that specifically on the sublease approvals at Pier 45, it is a review pursuant to a standard provision in the leases at Pier 45 which is an exemption that all subleasing be approved by the Commission. It is in fact a matter of catch-up. Staff has since implemented a full audit of tenant rental vacancy reconciliation. With regard to the four subtenants that were not included in the report, staff will return to the Commission for its approval as well as any changes that may occur in the future that is intended through the initiative of the audit space review and lease review.

Since Mr. Strazzullo is a long-time Pier 45 tenant, Commissioner Brandon suggested that he work with the Director of Real Estate regarding the subtenancies that should be included.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-58 was adopted.

5. PLANNING & DEVELOPMENT

A. Informational presentation on joint work program with the Bay Conservation and Development Commission (BCDC) to study potential revisions to the BCDC Special Area Plan and the Port's Waterfront Land Use Plan for the Fisherman's Wharf Area.

Dan Hodapp, Planning & Development, provided the Commission a brief overview of the joint program with BCDC, the planning process and the project schedule. He requested the Commission President to appoint two Commissioners to serve on the joint-Commission subcommittee. Commissioner Hardeman appointed Commissioners Brandon and McCarthy to represent the Port in the joint-Commission subcommittee with BCDC Commissioners. Mr. Joe Le Clair from BCDC mentioned that the BCDC Commissioners who will serve on the subcommittee are: Anne Halsted, Susan Leal, Barbara Kaufman, Aaron Peskin, Rich Gordon, and Besty Cutler.

Since only two Port Commissioners will be on the subcommittee, Commissioner Brandon requested that the Port Commission be provided quarterly updates during the process. Mr. Joe Le Clair replied affirmatively to her request.

Commissioner Brandon asked how often the subcommittee will meet. Mr. Hodapp replied that the first meeting of the joint committee will be at the end of January. The subcommittee will meet once every two months; however, the advisory boards will be meeting more often.

Jeffrey Pollack, representing the original Fisherman's Wharf Restaurant Association, indicated that at the last BCDC meeting, the Commissioners approved a resolution for this study. The Fisherman's Wharf Restaurant Association has always supported the idea of beautifying the Fisherman's Wharf area and has always been in the forefront in making it a reality. They now operate their own sanitation crew although they believe it is the lessor's responsibility and not theirs. Their biggest concern is the triangle parking lot. The triangle parking lot has 160 spaces and the restaurants have 1,010 seats. There are approximately seven seats to one parking space. Most destination restaurants have two parking places for every seat. They have asked the Port and the Department of Parking and Traffic to direct parking & traffic in the area on busy days (summer and weekends). Unfortunately, it has not been resolved to their satisfaction. Fisherman's Wharf has 12 million visitors a year. During this economic downturn, the Fisherman's Wharf restaurants were affected less than most of the restaurants in the City. At the BCDC meeting, Supervisor Aaron Peskin offered an amendment to the resolution i.e. the three organizations (the original Fisherman's Wharf Restaurant Association, the Fisherman's Restaurants Association which operates the parking lot and the Port tenants) would serve on the committee. The amendment was passed unanimously by the BCDC Commissioners at that meeting. However, the resolution being presented to the Port Commission today does not reflect the amended resolution. They believe that the study is important to help in the beautification of Fisherman's Wharf and their association is in support of it.

Gary Burns, representing the Fisherman's Wharf Restaurant Association, indicated that they are very concerned with any loss of potential spaces at the triangle parking lot. Over the last twenty years, they have seen the size of the lot diminished by 50-60 spaces. In 1997, with the construction of the F-Line, they lost an entrance to the wharf when the sidewalks were widened. At the same time, the City and the Port developed a plaza at the corner of Powell and Embarcadero. He asked that the Commission and the Port work with them to protect their interest as well as the Port's. He asked that the Port act as a big brother and ensure that their parking needs are met.

Frank Sabella, representing the Port Tenants Association, indicated that through the 40 years he has been at the wharf, the parking lot has shrunk by 35-40% and businesses on Jefferson Street have grown. They do not oppose the beautification of the area; however, they believe that the association's input on how to beautify the area is critical. The Rainforest Café, the Crab Shack, Red & White Fleet, and the Alcatraz Tour use the parking lot. When the tenants park at the lot, half of their customers can't. By noon time, more than half of the parking spaces are already taken. On a busy day, it's impossible to park. If the parking lot loses more spaces, the tenants as well as the Port will lose more revenues. Beautification is important but how it is done is equally as important. They cannot afford to lose more parking than what they've already lost. He asked that the association be represented in the Committee in order to provide input to the Commission. He asked the Commission to consider the impacts of the loss of more parking spaces to the tenants.

Nan Roth indicated that she served on the Fisherman's Wharf Citizens Advisory Group since 1987. It was established to assist the Planning Dept. and the Port with a broad program of improvements to enhance the Fisherman's Wharf experience for both tourists and San Francisco residents by making the wharf more attractive, more user friendly primarily through the urban design, traffic and transportation improvements in the Special Area Plan. This program produced a number of outstanding plans for an urban design, transportation, economic conditions and outlook to a name a few. Well into this process, the Port withdrew as a partner essentially derailing the entire project. However, the Planning Dept. recognizing the value of importance of the effort and output of the program to that point, provided funding to complete the Special Area Plan and made its staff available on a continuing basis to advocate for the project's goals as opportunities arose. She urged the Commission to revisit both the concept and the product of that effort. The Port will be doing the community a great service by carrying forth the spirit of this earlier undertaking and its goal of seeking the benefit of the wider community as well as the visitor industry in the Fisherman's Wharf. She was disturbed when she saw the map presented to them at the FWWAG meeting and the boldness of the black line separating the Port jurisdiction from the rest of the world. It was the very antithesis of what they worked so hard for back in the 80's and the 90's. Jurisdictional issues should not define this planning project. She encouraged the Commission to carry forward the program.

Mike Berline asked the Commission not to fund any consultants until staff actually got all the reports together, read them and come back to the Commission with a report on the data deficiencies. He asked that this be enforced carefully because too much work has been done in the process.

Ernestine Weiss encouraged the Commission to do the study with BCDC as it is time to update the Fisherman's Wharf area. It would be fair to assign spaces for the wharf tenants only since they pay rent to the Port and asked the Commission to consider it.

B. Request for approval to authorize extension to Exclusive Right to Negotiate Agreement with The Mills Corporation for Proposed Mixed-Use Recreation Project located at Piers 27 through 31, and Request for Supplemental Appropriation to expend $130,000 in extension fees received from the developer. (Resolution No. 02-55)

Byron Rhett, Director of Planning & Development, presented the item and requested Commission's approval. As part of this extension, the developer agreed to make regular presentations to the Commission and to the public, in particular, the Fisherman's Wharf Waterfront Advisory Group.

Nan Roth indicated that in reading the report, she was appalled about what she found. The community has been disappointed with the direction or lack of direction this project has taken. This is a huge and magnificent site designated for development and for recreation. The latest report indicates that only 27% of this site are being developed for recreation. She thinks that this is appalling and inexcusable. She begged the Commission to step forward and put conditions on the extensions. YMCA has cut down on the size of their facility in the last redesign. The Commission should put a strong message that this should not happen. One of the conditions that the Port Commission placed on their approval was to increase the recreational use but yet, it seems to be decreasing.

Commissioner Brandon asked for Mr. Rhett to address the recreational component of the project. Mr. Rhett replied that staff's calculation is higher than what was just suggested. Staff included the marine basin as part of that calculation. He added that staff is just beginning the process of determining exactly what the ultimate recreation configuration would be. The issue of the minimum amount of recreation both indoor and outdoor that will be required for this project will be in part determined by our negotiations with State Lands Commission staff. That process has just begun. They have seen the proposal but have not formally reacted to it. There will be some negotiations.

Jared Eigerman representing Mills Corporation indicated that the amount of recreational space required in the RFP was less than 291,000 s.f. The Port Commission in awarding the RFP instructed the team to take 30 days and increase the amount of recreation. Mills Corporation came back in the fall of 2001 with 291,000 s.f Since that time, and when they signed the Development memorandum with the Port in March 2002, the budget constraints for the YMCA required them to reconfigure their building. The only change in the recreation was the shape of their building which was reduced from 134,000 s.f. to 110,000. However, that was mitigated by increasing the outdoor recreation which actually went up from 291,000 to 301,000. It is a bit misleading to focus on how many square feet of recreation there is because BCDC requires no less than 35% of the entire site to be dedicated as public access or open space. The largest single space is open space, 368,000 sq. ft. (which is approximately 9 acres). They are still working with other agencies to figure out exactly the configuration. State Lands would like to know how the recreation is going to be programmed. They won't accept recreation generically. They want to know what particular recreation uses will go where and they are still working on it. The numbers

before the Commission are the same numbers used for the EIR application. There is a public scoping meeting on November 20th which relies on these numbers. It will be re-examined based on input from the public.

Commissioner Lee indicated that he hopes there will be no more extension of the project and would like to see construction on time. Mr. Eigerman replied that they are not expecting anymore extensions. The need for the extension now is because the EIR will take at least a year. The application was done on August 2nd and they are hoping to be certified under the schedule by labor day next year. Only after the EIR is certified that the Port Commission would be able to act. This extension is meant to bridge that gap.

Commissioner McCarthy asked if America True and YMCA are the new partners for this project. Mr. Rhett replied that America True has been part of this process all along. While they have not entered into agreement with the Port directly, the YMCA will be providing the recreation programming for its building and much of the outdoor recreation. America True will be providing recreation programming for the marine sports phase of the project.

Commissioner McCarthy commented that this project has a long way to go. One of her concerns was the huge amount of outdoor public access space and how it will be handled. It is one thing to talk about it and say that all the requirements are being met because of the massive amount of outdoor space but there are a lot of issues surrounding that kind of outdoor space specifically, what will be done with it, who and how it will be managed.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-55 was adopted.

6. REAL ESTATE

A. Request for approval of Maintenance and Management Agreement with the Redevelopment Agency of the City and County of San Francisco for Rincon Point Park. (Resolution No. 02-59)

Elliott Riley, Senior Property Manager, presented the item and requested Commission's approval.

Ernestine Weiss indicated that this littler park has been an eyesore on the Embarcadero for so long and nothing was done previously to improve it. She encouraged the Commission to approve this agreement and landscape the park as quickly as possible. She asked that time signals be installed and incorporated into this project.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-59 was adopted.

B. Request for approval to amend Lease No. L-12778 with Bauer's California Coach Sales & Service (dba Bauer Limousine) for storage and operation of ground transportation services at Pier 27. (Resolution No. 02-60)

Carol Anderson, Assistant Deputy Director, presented the item and requested

Commission's approval. In response to Commissioner Lee's inquiry about staff's recommendation to increase the rent to $19,000 when the tenant cannot afford his current rent of $17,000 a month, Ms. Anderson replied that his rent rose per Consumer Price Index (CPI) increase and the tenant is able to pay his rent. Staff is assisting the tenant to spread out the payments for the deferred rent post 9/11.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-60 was adopted.

7. NEW BUSINESS/PUBLIC COMMENT

Francisco Da Costa, representing the Environmental Justice Advocacy, indicated that a few months ago he apprised the Commission about the toxic pile at Pier 92. Unfortunately, instead of the Port Commissioners and the Port Authority taking this matter seriously, there were delayed tactics. Right now this matter is in the hands of the State Authority. He hopes that this matter is resolved quickly. He reminded the Commissioners that all the land that was given to the Port Authority belongs to the citizens of the State of California. He also reminded the Commissioners about the Burton Act. The Commissioners and the Port Authority meant well when various committees such as the Southern Waterfront Advisory Committee were established but the committee members know very little about the Burton Act. The members know very little about the jurisdiction of the Port Authority and the rights of the constituents of the State of California and its citizens. Positive comments were heard today about the other side of the waterfront but the other end of the waterfront (Pier 70) is disgusting. He requested the Commission to visit Pier 70. What is happening at Pier 70 shouldn't be happening but it's been that way for ten years with City Tow. The buildings are so old and they should be improved upon. He asked the Commission to keep huge portions of land untouched on the other side of the City to be used for wind and solar power and no other developments. The concrete, aggregate, and sand developments should be curtailed.

Andrew Bozeman, representing Bayview Hunters Point, indicated that despite their adversarial position they are not the enemy. They would like to work with the Port. The Commission is making decisions that affect their health and their livelihood and their lives. They take a stand when it comes down to that kind of decision making. Being indestructible is not going to get them anywhere but being imperious on the other side is not going to get the Port anywhere as well. He suggested to open up the doors, communicate and work together. A lot of things are happening at Bayview Hunters Point. A lot of things need to go on at Bayview. If they can communicate with staff and the Commission, understand each other, and get some clarity, he feels that we can make this a great city that it is supposed to be.

Commissioner Hardeman commented that San Francisco was again voted the number one City in the world!

8. EXECUTIVE SESSION

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:20 p.m. the Commission withdrew to executive session to discuss the following:

CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion and Action Items)

a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 cases):

- F. Alioto Company, Inc. et al. v. City & County of San Francisco, et al., S. F. Superior Court Case No. 318360, filed January 25, 2001.
- CCSF v. Brown Dirt Cowboy, San Francisco Superior Court No. 603801 Discussion and approval of proposed settlement of litigation.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case as defendant).

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Marine Terminals Corporation: Jim Wiltshire

b. Property: Seawall Lot 330
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*City Parking Company: Richard Stein

c. Property: Piers 45
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*Red & White Fleet: Tom Escher

d. Property: Pier 23
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*Pier 23 Cafe: Flicka McGurrin

e. Property: Pier 45 Shed A
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*S.F. Maritime Park Association: Gail Miller

f. Property: Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality Inc.: Lawrence Lui

g. Property: Pier 26
Person Negotiating: Port: Byron Rhett, Director of Planning & Development

*International Museum for Women: Elizabeth Colton

h. Property: Piers 1-½, 3 & 5
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Waterfront Partners, LLC: Simon Snellgrove

9. RECONVENE IN OPEN SESSION

At 7:45 p.m. the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session. Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval of the settlement agreement between the Port and Brown Dirt Cowboy. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session. Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

10. ADJOURNMENT

The meeting was adjourned at 7:45 p.m.

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/10/02

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETING

The following Regular Port Commission Meeting has been cancelled:

DECEMBER 10, 2002 @ 4 P.M.

A Special Port Commission Meeting is scheduled on:

DECEMBER 17, 2002 @ 3 P.M.

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PORT COMMISSION

SPECIAL MEETING (PLEASE NOTE THE DATE/TIME OF THE MEETING)

2:00 P.M., TUESDAY, DECEMBER 17, 2002

BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - November 12, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report
   - Build San Francisco (Architectural Foundation of San Francisco)
   - Special Presentation to Carl Hanson, President San Francisco Drydock

4. **CONSENT**

   A. Request for authorization to offer through competitive bid a two-year lease for surface parking at SWL 330, located at the Embarcadero and Bryant Streets, and to continue with the existing operator on an interim basis. (Resolution No. 02-67)

   B. Request for approval of amendment to the October 30, 2002 Agreement with Franciscan Restaurant for the repair of the Pier Surface and Substructure at Pier 43– ½ . (Resolution No. 02-68)

5. **REAL ESTATE**

   A. Request for approval of Lease amendment to reduce Base Rent for Golden Gate Scenic Steamship Corporation, Lease No. L-9176, and Tenant's Release of Port from any and all claims arising from or related to any comparisons of Tenant's business operations to those of other excursion vessel operators. (Resolution No. 02-69)

   B. Request for approval of Fourth Amendment to Lease No. 11859 with Bundox Restaurant, Inc. for property located at Pier 7 (Broadway & Embarcadero). (Resolution No. 02-70)

6. ENGINEERING & MAINTENANCE

A. Request for adoption of findings pursuant to the California Environmental Quality Act (CEQA) and approval of authorization to advertise for Design-Build Services for the Illinois Street Intermodal Bridge. (Resolution No. 02-61)

NOTE: The Illinois Street Intermodal Bridge is consistently with and within the scope of the program approved in the Waterfront Land Use Plan Program Final Environmental Impact Report (FEIR), certified on January 9, 1997, and the Southern Waterfront Supplemental Environmental Impact Report (SEIR), certified on February 15, 2001, and those EIRs adequately describe the activity for purposes of CEQA.

B. Request for authorization to advertise for competitive bids for the construction of the Embarcadero Promenade Pedestrian Improvement, Contract No. 2681. (Resolution No. 02-62)

C. Request for authorization to execute a contract modification to Contract No. 2671, Maintenance Dredging, with Dutra Dredging Company. (Resolution No. 02-63)

D. Request for authorization to award Construction Contract 2677, "Upgrade of Electrical and Telephone Services at Pier 48" to Paganini Electric Corporation. (Resolution No. 02-64)

E. Request for authorization to apply for, accept and expend $143,200 in grant funds from the San Francisco Bay Natural Resources Protection Trust for the Pier 94 Wetlands Enhancement Project. (Resolution No. 02-65)

F. Request for authorization to advertise a Request for Proposals for As-Needed Engineering and Environmental Consulting Services. (Resolution No. 02-66)

7. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Piers ½, 3 and 31
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*Hornblower Dining Yachts: Joe Wyman

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers ½, 3 and 31.

b. Property: Pier 90
Person Negotiating: Port: Peter Dailey, Director of Maritime
*RMC-Pacific Materials: Joe Sostaric

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 90.

c. Property: Pier 19/23
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Big C Traders: Joe Gerace

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 19/23.

d. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Director of Maritime
*San Francisco Drydock: Carl Hanson

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers ½, 3 and 31.

e. Property: Rincon Park Restaurant
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*JMA Associates: Art Chapman

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Rincon Park.

f. Property: Pier 26
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*International Museum of Women: Elizabeth Colton

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 26.

g. Property: Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality Inc.: Antony Carter

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at the Embarcadero.

h. Property: Ferry Building
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Ferry Building Investors: Chris Meany

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding the Ferry Building.

9. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

10. ADJOURNMENT

DECEMBER 2002/JANUARY 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
December 10 *(Cancelled)*	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
December 17 (Special Mtg.)	***2:00 p.m.***	***Port Commission***	***Bayside Conference Room @ Pier 1***
January 14	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
January 28	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on the third Thursday, every other month at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at www.sfport.com.

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:
A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Nita Mizushima, Chief Harbor Engineer, at 274-0559. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

December 11, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to offer through competitive bid a two-year lease for surface parking at Seawall Lot 330, located at the Embarcadero and Bryant Streets, and to continue existing operator on an interim basis.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

Port staff is requesting authorization to offer through competitive bidding one parcel commonly known as Seawall Lot 330 located in the South Beach/Central Waterfront, for operation of surface public parking lot. The process will culminate in one lease, with a term of two (2) years. The successful bidder will be the one that proposes the highest rent for the parcel and who meets the minimum qualifications for experience and financial standing.

The rent for the parcel shall be bid on a minimum base rent versus percentage rent basis, pursuant to minimum acceptable bids set forth below. The monthly minimum rent for the lease will be subject to annual CPI adjustments. Additionally, since the parcel is designated as future development site, the Port shall retain the right to recapture all or part of the parcel upon sixty-(60) days written notice to the operator.

The current operator, City Parking Company, is not willing to continue operation of the parking lot at the current minimum rental rate due to the deterioration in the parking market and has given the Port a termination notice. To continue the management of the lot and revenue stream derived from it, Port Staff have requested and City Parking has agreed to operate the lot on an interim basis, terminable by Port upon 30 days notice, at an adjusted rental amount until the bid process is complete. The current rent under the City Parking Company Lease is $54, 000. The proposed adjusted rent during the interim operation is the greater of $20,000 minimum monthly rent or 50% of monthly gross sales. The adjusted rent will be effective as of November 1, 2002.

This Print Covers Calendar Item No. 4A

The two-year lease shall be in substantial conformance with the Port Commission standard ground lease form.

The proposed minimum lease terms and conditions are discussed below:

PROPOSED MINIMUM LEASE TERMS AND CONDITIONS

Seawall Lot 330

1. Premises: Approximately 124,065 square feet of Seawall Lot 330; with option to expand at Port's sole discretion if space south of the Ferry Building becomes available for surface parking operations.

2. Term: Two (2) years

3. Minimum Acceptable Bid: $25,000.00 per month versus 67% of gross receipts.

4. Improvements: None required. The tenant will accept the parking lot in its "AS IS" condition and will be responsible for all necessary maintenance and compliance with laws.

5. Termination Rights: The Port will have the right to terminate the Lease for any reason upon no less than 60 days written notice.

6. Prevailing Wages: The Lease will require the parking operator to pay its employees wages in an amount at least equal to the highest general prevailing rate of wages as paid for similar work in the City and County of San Francisco in private employment, as determined by the Board of Supervisors pursuant to Section 6.37 of the City's Administrative Code.

Economically Disadvantaged Business Participation

The Port Commission is interested in encouraging the participation of minority-owned and economically disadvantaged businesses in this bid opportunity. Staff will consult with Human Rights Commission and the City Attorney's Office to determine appropriate methods for encouraging participation in the bid process by small, local, women, economically disadvantaged and minority owned businesses.

Commission Approval of Lease

Port staff will present the successful bidder to the Port Commission for approval and authorization to enter into a lease for the parking opportunity.

RECOMMENDATIONS

Staff recommends that the Commission approve the attached resolution authorizing staff to prepare and offer, through competitive bid, one lease, with two (2) years term, for public parking lot at Seawall Lot 330.

Staff recommends that the Commission approve City Parking Company as an emergency operator at SWL 330 at an adjusted month rent of $20,000 versus 50% of gross sales effective November 1, 2002.

Prepared by: Jeffrey A. Bauer, Senior Commercial Leasing Manager, Real Estate

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-66

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, surface parking generates a significant revenue stream to the Port, and the Port desires to operate its parking lots in an efficient manner while maximizing revenues; and

WHEREAS, there is need for the continued operation of SWL 330 on an interim basis for public parking by both Port tenants and the public, and it would be impractical and impossible to bid the parking operation for such sort-term interim use; and

WHEREAS, Seawall Lot 330 is located where the future demand for parking will increase;

RESOLVED, that the San Francisco Port Commission authorizes Port staff to offer through competitive bidding one lease, with a two (2) year term, for surface parking lot operations available to the public, and continue City Parking Company as an interim parking operator at an adjusted rental amount until the completion of the bid process at Seawall Lot 330 in accordance with the terms outlined in the Agenda Summary for this Item 4A, a copy of which is on file with the Port Commission Secretary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 17, 2002.

_____
Secretary

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PORT OF SAN FRANCISCO

MEMORANDUM

December 12, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request to Enter Into an Amendment to October 30, 2002 Agreement with The Franciscan Restaurant for the Repair of the Pier Surface and Substructure at Pier 43 ½ (Lease No. L-7593).

DIRECTOR'S RECOMMENDATION: AUTHORIZE ENTERING INTO AN AMENDMENT OF THE OCTOBER 30, 2002 AGREEMENT WITH THE FRANCISCAN RESTAURANT FOR THE REPAIR OF THE PIER SURFACE AND SUBSTRUCTURE AT PIER 43 ½.

ISSUE

Port Real Estate Staff proposes to amend the October 30, 2002 Agreement with the Franciscan Restaurant ("Franciscan") to clarify the respective positions of the parties in response to the terms and conditions of the BCDC approval of the Material Amendment to Permit M93-16.

HISTORY

The Franciscan leases 72,254 square feet of Pier 43½ for a parking lot serving the patrons of the restaurant as well as other Fisherman's Wharf tenants and patrons. The Lease was entered into in 1971 and has an original term of 66 years. The original Lease requires the tenant to maintain the pier structure and substructure. The Lease provides that in the event rebuilding the substructure and decking of the pier becomes necessary during the term of the Lease, the Port will credit against percentage rental 65% of the cost of such rebuilding. However, the Lease also provides that the Franciscan has the right to determine, at the time rebuilding the pier becomes necessary, whether the cost to do so will render the use of the leased premises uneconomical. If Franciscan determines that it would be uneconomical to proceed, Franciscan has the right to terminate the Lease with no further rights or obligations to the Port.

THIS PRINT COVERS CALENDAR ITEM NO. 4B

At its October 29, 2002 meeting the Port Commission authorized the Port Director to enter into an Agreement with the Franciscan concerning the allocation of costs and responsibilities for undertaking necessary repairs to the Parking Lot. The Franciscan would agree to waive its right to surrender the Lease without further responsibility for repair if the Port agreed to authorize an increase in rent credits to essentially 100% of the cost, all as provided in the Agreement. The Agreement also included a settlement and release of any claims related thereto, and established understandings as to the respective obligations of the parties in obtaining the necessary regulatory approvals for the repairs and with respect to participation in the joint BCDC/Port joint public planning process to identify, adopt, and implement amendments to the BCDC San Francisco Special area Plan for the fisherman's Wharf Area. The effectiveness of the Agreement was subject to the Franciscan obtaining all necessary regulatory approvals, and to both the Port and the Franciscan agreeing, each in its sole discretion, to any conditions attendant to those regulatory approvals. That Agreement, dated October 30, 2002, was executed by both parties. The Port Director now seeks authorization to enter into an amendment of that Agreement.

PROPOSAL AND ANALYSIS

As anticipated under the Agreement, the Franciscan sought approval from the BCDC for the necessary permit amendment to BCDC Permit No. M93-16 to undertake repair of the Parking Lot. The BCDC proposed to condition the approval of the permit amendment by, along with other conditions, requiring the Franciscan to agree that the permit would become null and void on February 1, 2009 at which time all parking uses on Pier 43 ½ shall be completely removed, unless the Commission approves a material amendment to this permit to extend the parking use on Pier 43 ½ not to exceed another two years beyond the first six year period, all as more particularly described in the BCDC Staff Recommendation on Material Amendment No. Two to BCDC Permit No. M93-16, Agenda Item #11, dated November 27, 2002.

The Franciscan sought certain assurances from the Port by letters dated November 26 and November 27, 2002, attached, with respect to the implications of the BCDC permit condition for its rights and obligations under the Lease No. L – 7593 and the Agreement, and the Port responded to the Franciscan's letters by letter dated December 2, 2002, attached, outlining the assurances that it could and could not give, and identifying matters that it would seek Commission authorization to address in this amendment to the Agreement.

The Port proposes to give Franciscan assurances that it will have the same right to surrender the Lease at the expiration of the term of the BCDC Permit M93-16 that it has currently, whether or not there is a specific requirement for repair that it concludes is uneconomical at that time, and without the need to seek and be denied a BCDC permit for further parking use of the premises. Specifically, the Port agrees that if the Franciscan is unable to continue the parking use on the entire Lease premises because of the provisions of BCDC permit amendment Special Condition II.D. or the BCDC San Francisco Special Area Plan, as may be amended, then neither party shall be at fault and the Lease may be cancelled without obligation on either party, and such cancellation shall not make Port liable for amortization.

In return, the Franciscan will acknowledge that the Port's obligations as trustee of Port public trust lands precede, and take priority over, the proprietary interests of any particular leaseholder, and will agree that the provisions of Section 6 of Lease No. 7593, intended to address a

circumstance where a governmental agency causes the discontinuance of automobile traffic onto the Wharf, are not triggered by the imposition or ultimate effect of the BCDC permit amendment Special Condition II. D. or the BCDC San Francisco Special Area Plan, as it may be amended.

The intent of this amendment to the Agreement is to clarify that the Port is not obligated to use every effort to preserve the investment of the Franciscan or negotiate for an alternate suitable use of the property by Franciscan, as was intended under lease language that anticipated a situation where another governmental agency would act to preclude all automobile traffic at the Wharf. Apparently, at the time the lease was entered into the City was considering a policy of terminating all traffic on the Wharf and installing an elephant train in the area. The circumstances now are that the Port and BCDC are embarking on a joint planning process to identify, amend and implement amendments to the Special Area Plan process that will address policy matters that extend beyond any individual leasehold interest. Nevertheless, the Port staff recognizes the substantial interest that the Franciscan Restaurant will have in that planning process, and appreciates their agreement to cooperate and participate in the process. Accordingly, it is not the intent of this amendment to the Agreement to preclude the Port and Franciscan from entering into an amendment to the Lease No. 7593 to address the circumstances that may arise through their cooperative efforts and participation in the joint BCDC/Port Special Area Plan process, as that could well be in the interest of both parties.

The proposed amendment is attached as an exhibit to this staff report. Unfortunately, due to a family emergency, Port staff has not been able to obtain confirmation of final amendment language from the Franciscan. Therefore, there may be modifications to the exact wording of the amendment to address concerns or clarifications requested by the Franciscan.

RECOMMENDATION

The Pier 43 ½ parking lot is a vital component to the success of the Port's Fisherman's Wharf tenants. All of Fisherman's Wharf depends on the availability and viability of parking at this central location. The proposed agreement provides the most cost effective and expeditious vehicle to return this parking resource to full operational status. The amendment to the Agreement provides both parties with the assurance that they require to be able to accept the BCDC permit conditions and proceed with the implementation of the repairs pursuant to the terms of the Agreement.

Port staff recommends approval of authorization to the Port Director to enter into an amendment to the October 30, 2002 Agreement in such form as may be approved by the City Attorney's Office, and as outlined in the Memorandum to the San Francisco Port Commission for Agenda Item No. 4B for its December 17, 2002 regular meeting.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-68

WHEREAS, Charter, Section B3.581 empowers the San Francisco Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, By lease dated January 12, 1971, the San Francisco Port Commission entered into Port Lease No. L-7593 ("Lease") with Franciscan Restaurant for the operation of a parking lot on 72,254 square feet of Pier 43 ½; and

WHEREAS, Pursuant to Port Commission action on October 29, 2002 the Port Director was authorized to execute a separate Agreement with the Franciscan Restaurant, and that Agreement, dated October 30,2002 was executed by both parties; and

WHEREAS, As anticipated under the Agreement, the Franciscan sought approval from the BCDC for the necessary permit amendment to BCDC Permit No. M93-16 to undertake repair of the Parking Lot, and the BCDC proposed to condition the approval of the permit amendment by, along with other conditions, requiring the Franciscan to agree that the permit would become null and void on February 1, 2009 at which time all parking uses on Pier 43 ½ shall be completely removed, unless the Commission approves a material amendment to this permit to extend the parking use on Pier 43 ½ not to exceed another two years beyond the first six year period, all as more particularly described in the BCDC Staff Recommendation on Material Amendment No. Two to BCDC Permit No. M93-16, Agenda Item #11, dated November 27, 2002; and

WHEREAS, The effectiveness of the Agreement was subject to the Franciscan obtaining all necessary regulatory approvals, and to both the Port and the Franciscan agreeing, each in its sole discretion, to any conditions attendant to those regulatory approvals; and

WHEREAS, The Port Director now seeks authorization to enter into an amendment of that Agreement with the Franciscan to provide assurances to both parties as to their rights and obligations prior to the parties agreeing to accept the conditions of BCDC Permit M93-16, as amended by BCDC by its action on December 5, 2002; and

WHEREAS, The Port would agree that if the Franciscan was unable to continue the parking use on the Lease premises because of the provisions of BCDC permit amendment Special Condition II.D. or the BCDC San Francisco Special Area Plan, as may be amended, then neither party shall be at fault and the Lease may be cancelled without obligation on either party, and such cancellation shall not make Port liable for amortization; and

WHEREAS, The Franciscan would agree that the provisions of Section 6 of the Lease would not be triggered by the imposition or ultimate effect of the BCDC permit amendment Special Condition II.D. or the BCDC Special Area Plan, as it may be amended, such that the Port would not be obligated to use every effort to preserve the investment of the Franciscan or negotiate for an alternate suitable use of the property by the Franciscan's because the Port's obligations as trustee take priority over the proprietary interests of any particular leaseholder; and

WHEREAS, Notwithstanding the amendment to the Agreement, it is not the Port's intent to preclude the parties from entering into an amendment to the Lease No. 7593 to address the circumstances that may arise through their cooperative efforts and participation in the joint BCDC/Port Special Area Plan process, as that may well be in the best interest of the Port and the Franciscan; and now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director of the Port of San Francisco, or his nominee, to execute documents effecting the terms of a Repair Agreement with Franciscan restaurant in such form as may be approved by the City Attorney's office and as outlined in the Memorandum to the San Francisco Port Commission for agenda Item No. 4B for its December 17, 2002 special meeting.

I hereby certify that the Port Commission at its meeting of December 17, 2002 adopted the foregoing resolution.

_____

Secretary

First Amendment to October 30, 2002 Agreement between the
City and County of San Francisco and the Franciscan Restaurant

This first amendment to the Agreement between the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City" acting by and through the San Francisco Port Commission ("Port") and the Franciscan Restaurant, a California corporation, hereinafter referred to as "Franciscan", dated the Thirtieth day of October 2002, concerning the repair of the Franciscan Restaurant Parking Lot at Pier 43 ½ (the "Agreement") is made this Eighteenth Day of December 2002 in the City and County of San Francisco, State of California.

Recitals

WHEREAS, on or about October 30, 2002 the Port and the Franciscan entered into an Agreement concerning the allocation of costs and responsibility for undertaking necessary repairs to the Franciscan Restaurant Parking Lot at Pier 43 1/2, a property more particularly described in Port Lease No. L – 7593, (hereafter the "Parking Lot"), including a settlement and release of claims related thereto, and establishing understandings as to the respective obligations of the parties in obtaining the necessary regulatory approvals for the repairs and with respect to participation in the joint Bay Conservation and Development Commission (BCDC) and Port joint public planning process to identify, adopt and implement amendments to the BCDC San Francisco Special Area Plan for the Fisherman's Wharf Area, including the subject property; and

WHEREAS, the Franciscan sought approval from the BCDC for the necessary permit amendment to BCDC Permit No. M93-16 to undertake repair of the Parking Lot, and the BCDC proposed to condition the approval of the permit amendment by, along with other conditions, requiring the Franciscan to agree that the permit would become null and void on February 1, 2009 at which time all parking uses on Pier 43 ½ shall be completely removed unless the Commission approves a material amendment to this permit to extend the parking use on Pier 43 ½ not to exceed another two years beyond the first six year period, all as more particularly described in the BCDC Staff Recommendation on Material Amendment No. Two to BCDC Permit No. M93-16, Agenda Item #11, dated November 27, 2002; and

WHEREAS, the Franciscan sought certain assurances from the Port by letters dated November 26 and November 27, 2002 with respect to the implications of the BCDC permit condition for its rights and obligations under the Lease No. L – 7593 and the Agreement, and the Port responded to the Franciscan's letters by letter dated December 2, 2002, outlining the assurances that it could and could not give, and identifying matters that it would seek Commission authorization to address in this amendment to the Agreement; and

NOW, THEREFORE, in consideration of the mutual promises set forth in this First Amendment to the Agreement, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

The Agreement is hereby amended by adding new paragraphs 19 and 20 to read as follows:

19. In consideration of the Franciscan agreeing to consent to the terms and conditions of BCDC's Material Amendment No. Two to BCDC Permit No. M93-16, approved by the BCDC on December 5, 2002, the Port acknowledges that pursuant to Lease No. 7593, the Franciscan has the obligation to obtain all required governmental permits for repairs, but that *"If the Tenant is unable for any reason to do so, neither party shall be at fault and this lease may be cancelled without obligation on either party. Such cancellation shall not make Port liable for amortization" (Lease Section 22)*, and the Port agrees that if the Franciscan is unable to continue the parking use on the entire Lease premises because of the provisions of BCDC permit amendment Special Condition II. D. or the BCDC San Francisco Special Area Plan, as it may be amended, then neither party shall be at fault and the Lease may be cancelled without obligation on either party, and such cancellation shall not make Port liable for amortization.

20. In consideration of the Port agreeing to consent to the terms and conditions of BCDC's Material Amendment No. Two to BCDC Permit No. M93-16, and to ensure a clear understanding that the Port's obligations as trustee of the public trust lands granted to it precede, and take priority over, the proprietary interests of any particular leaseholder, the Franciscan agrees that the provisions of Section 6 of Lease No. 7593, intended to address a circumstance where a governmental agency causes the discontinuance of automobile traffic onto the Wharf, are not triggered by the imposition or ultimate effect of the BCDC permit amendment Special Condition II. D. or the BCDC San Francisco Special Area Plan, as it may be amended, such that the Port is not obligated to use every effort to preserve the investment of the Franciscan or negotiate for an alternate suitable use of the property by Franciscan; provided, however, that it is not the intent to preclude the Port and Franciscan from entering into an amendment to the Lease No. 7593 to address the circumstances that may arise through their cooperative efforts and participation in the joint BCDC/Port Special Area Plan process.

PORT OF SAN FRANCISCO

December 2, 2002

SAN FRANCISCO PORT COMMISSION
DEC 0 3 2002
Legal Department

Mr. Kevin Westlye
Franciscan Restaurant
Pier 43 1/2
Embarcadero
San Francisco, CA 94133

Re: Franciscan Restaurant Parking Lot Lease
Port Lease # L-7496

Dear Mr. Westlye:

I write in response to correspondence from your counsel, Joel Yodowitz, to Port General Counsel, Noreen Ambrose, dated November 26, 2002 and November 27, 2002. I also write to confirm our understanding as to the next steps in furtherance of the Agreement between the Franciscan and the Port dated October 30, 2002 as discussed in the telephone conversation between you, Joel Yodowitz, Carol Anderson, Noreen Ambrose, Kirk Bennett and Nic Dempsey on November 27, 2002.

First, I assume that you have reconsidered your position since your letter of November 26, 2002. In that letter, there is an erroneous assumption that the Port could elect to accept the amendment to BCDC Permit No. M93-16 with a limitation on the duration of the parking use without the concurrence of the Franciscan. Section 22 of the lease provides that:

> *Nothing herein contained shall relieve Tenant of its obligation to submit plans to the Chief Engineer of Port and obtain approval therefor or to obtain such other permits from governmental bodies as may be required. It shall be Tenant's obligation to obtain such permits and pay the costs thereof."*

The BCDC regulations require the property owner to co-sign a permit so that it can have enforcement rights against the owner should the tenant default on the obligations. Accordingly, in the agreement of October 30, 2002 the Port agreed to cooperate with the Franciscan to seek BCDC approval, and has co-signed the application. However, the Port will not consent to the permit as conditioned by BCDC unless and until the Franciscan so requests, subject to the Port's discretion to also agree to accept the conditioned permit.

The remainder of the November 26, 2002 letter provides that the Franciscan "would undertake work under such permit only if the Port of San Francisco works with the Franciscan Restaurant to ensure that the value of the leasehold is retained, such by an amendment to the Lease." As explained in various conversations, the Port is unable to provide that guarantee.

When you told the Port that you intended to surrender your lease if the Port did not agree to increase the amount of rent credits for repair costs, the Port agreed to do so under the terms of the October 30, 2002 agreement. The Port recognized that under the lease the Tenant *"has the right to determine, at the time rebuilding becomes necessary,*

whether the cost will render the use of the leased premises uneconomical" and if it is uneconomical, the *"Tenant may terminate this lease with no further rights or obligations hereunder."* (Lease, Paragraph 22.) We agreed that it was in our mutual interest to work together to obtain the BCDC permit so as to continue the parking use on the leased premises pending the outcome of the joint BCDC/Port public planning process for the Fisherman's Wharf area. In agreeing to increase the rent credit to 100%, the Port did as much as it is willing and able to do to maintain the utility of this facility for the intended use under the lease.

As you know, BCDC, with the necessary cooperation of the Port, is undertaking a review of its policies and regulations that determine the terms and conditions, including allowable uses, under which BCDC can approve repair permits for property within its jurisdiction in Fisherman's Wharf, including Pier 43 1/2. In our October 30, 2002 agreement, an important consideration for the Port was your acknowledgment that the Port would participate in the joint public planning process with BCDC, and that the *"Port will exercise its duties as trustee in a manner that it determines, in its sole discretion, will further the overall interests of the public trust for the promotion of waterborne commerce, navigation and fisheries, and not necessarily the interests of an individual leaseholder such as the Franciscan."* The intent of this language is to make clear that the Port does not have a legal obligation, implied or express, under the Lease to protect or enhance the value of the Lease, if any, as it participates in and makes decisions related to an amended Special Area Plan. Your request that the Port work with the Franciscan to ensure that the value of the Leasehold is retained could be interpreted as asking the Port to commit to put the interests of the Franciscan ahead of the interests of the general public or other Port tenants during the planning process. In our conversation, you indicated that you understand that the Port can not commit to a legal obligation to do that, but since your request was in writing, I want to be sure to provide a written response.

The Port can provide you with requested assurances with respect to your concern that the Franciscan not be held to the obligations of the Lease should the amended BCDC Special Area Plan, and related regulations, not allow further repair permits for the full extent of the parking use now permitted. As noted above, the Port recognizes that the Lease allows the Franciscan to terminate without further rights or obligations given that the current repair is uneconomic under the terms of the Lease. Port counsel advises that there is an additional provision in Paragraph 22 of the Lease that provides that although it is the Tenant's obligation to obtain all required governmental permits, *"If Tenant is unable for any reason to do so, neither party shall be at fault and this lease may be cancelled without obligation on either party. Such cancellation shall not make Port liable for amortization."* We understand that you are concerned that if the Franciscan elects to accept the BCDC permit with the condition that the permit for the parking use will terminate on a date certain in the future, and the amended Special Area Plan process does not provide authority to permit repairs for parking use on all of the Lease premises, then you could only exercise your right to terminate if the Lease premises were in need of repair at that time. Port staff is prepared to recommend to the Port Commission at its December 17th meeting that the parties amend the October 30, 2002 agreement to acknowledge that the Franciscan will retain the right to terminate when, and if, the BCDC permit expires, under the same terms as if the Franciscan had been unable to obtain the permit in the first instance.

In amending the agreement, the Port also intends to clarify that the provisions of Paragraph 6 of the Lease, governing the obligation of the parties if automobile traffic

were prohibited throughout the Wharf, are not applicable. I understand that you have asked whether that language could be construed to govern a situation where the Franciscan was unable to obtain a subsequent BCDC permit for repair of the leased premises for parking use. I understand that the provisions of Paragraph 6 reflected a proposal that the City was considering at the time the Lease was entered into that would have terminated all traffic throughout the wharf area, and not just the leased premises. The Lease provision that governs if the tenant is unable to obtain a required regulatory permit is the language from Section 22 quoted in the preceding paragraph.

I want to emphasize that the Port is not saying that it will not work with the Franciscan to explore alternative uses that have economic value, but rather that the Port can not obligate itself to do so under a legal contract at this time, given its other obligations as trustee, and the uncertainty of the planning process ahead. The Franciscan has been a good steward of that property for more than thirty years. The Port recognizes that the Lease, and the adjacency of the Franciscan restaurant gives the Franciscan an important role in determining the policies and regulations that will govern the future use of the area. I particularly want to express my appreciation to you, Ken Burger Sr. and Ken Burger Jr. for your considerable effort to pursue a workable resolution to the problem that we are both confronted with here.

Finally, I understand that you want acknowledgement that communications and negotiations by and between the Franciscan, the Port and /or BCDC, and your appearance at the BCDC hearing now scheduled for December 5, 2002 to seek the permit, will not be construed as a waiver or prejudice to the rights of the Port or the Franciscan restaurant under the Port Lease # L- 7496 and the agreement between the Franciscan and the Port dated October 30, 2002, including paragraph 18 thereof. I agree with this statement, and understand that if the BCDC authorizes the issuance of a permit, that both the Franciscan and the Port have the right, as stated in paragraph 18, to decide, each in its sole discretion, whether to accept BCDC's permit.

Please continue to work with Carol Anderson, Diane Oshima and/or Nita Mizushima of my staff if you require further assistance or clarification as to the next steps in furtherance of our agreement.

Very Truly Yours,

Douglas F. Wong
Executive Director

cc: Joel Yodowitz, Esq.
Ken Winters
Byron Rhett
Alex Lee
Carol Anderson
Diane Oshima
Nita Mizushima
Noreen Ambrose

R A REUBEN & ALTER LLP

November 26, 2002

James A. Reuben
attorney

Andrew J. Junius
attorney

Joel Yodowitz
attorney

*Sheryl S. Reuben
attorney

Kevin H. Rose
attorney

Jared J. Eigerman
attorney

* David Silverman
attorney

* Lisa Alter
of counsel

John E. McInerney III
of counsel

*Also admitted in New York

BY FACSIMILE AND FIRST CLASS MAIL
Fax No. (415) 274-0494

Noreen Ambrose
Deputy City Attorney
Port of San Francisco
Pier One
San Francisco, CA 94111

Re: Franciscan Restaurant Parking Lot Lease
Port Lease #L-7496
Proposed Amendment to BCDC Permit No. M93-16
Our File No. 1200.32

Dear Ms. Ambrose:

As mentioned to you yesterday, the Franciscan Restaurant cannot and does not agree to any condition on BCDC Permit No. M93-16 that restricts parking on Pier 43 ½ or in any way that abridges the Franciscan Restaurant's rights under Parking Lot Lease #L-7496 (the "Lease") with the Port of San Francisco. As you know, section 18 of the agreement between the Franciscan Restaurant and the Port of San Francisco, dated August 30, 2002 (the "Agreement") provides a reservation of rights in the event either party disagrees with terms of a BCDC or other regulatory permit. Specifically, the Franciscan Restaurant cannot and does not agree to any time limitation on the use of Pier 43 ½ for parking, as proposed in the draft condition to the amendment to BCDC Permit No. M93-16 recently prepared by BCDC staff, which would limit parking to five years, with perhaps an additional two or three years upon authorization by, and at the sole discretion of, the BCDC Commission. The Lease provides the Franciscan Restaurant with a 66-year term to use Pier 43 ½ for parking, and an abridgement of the right to park as proposed in the draft condition would result in an unacceptable material impairment of the value of the Franciscan Restaurant's leasehold interest.

If the Port of San Francisco wishes to accept the amendment to BCDC Permit No. M93-16 with a limitation on the duration of the parking use, the Franciscan Restaurant cannot join in such acceptance. If BCDC were to issue an amendment to said permit with a condition on the duration of the parking use or any other condition that materially affects the value of the Franciscan Restaurant's rights under the Lease, the Franciscan Restaurant would undertake

work under such permit only if the Port of San Francisco works with the Franciscan Restaurant to ensure that the value of the leasehold is retained, such by an amendment to the Lease.

Please call me if you have any questions.

Very truly yours,

REUBEN & ALTER, LLP

Joel Yodowitz

cc: Ken Burger, Sr.
Ken Burger, Jr.
Kevin Westlye
James A. Reuben

PORT OF SAN FRANCISCO

MEMORANDUM

December 11, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Lease amendment to Amended and Restated Lease No. L-9176 to reduce Base Rent for Golden Gate Scenic Steamship Corporation and add Tenant's Release of Port from any and all claims arising from or related to any comparisons of Tenant's business operations to those of other excursion vessel operators.

DIRECTOR'S RECOMMENDATION: APPROVE LEASE AMENDMENT.

Golden Gate Scenic Steamship Corporation is the operator of the Red and White Fleet ("RWF") excursion vessel operations based at Pier 43 ½. RWF has operated at this location under Lease No. L-9176 since 1975.

For the past several months, RWF and Port staff has been discussing various lease provisions as they pertain to RWF's ability to compete with similar excursion operations around the bay. Specifically, RWF has requested a reduction in monthly base rent to $8,034 from a current monthly Base Rent of $19,167. The revised base rent is comparable on a unit basis to base rent received by the Port from similar excursion operators.

Under the existing terms of Lease L-9176, RWF must pay monthly percentage rent at varying rates of gross receipts to the extent exceeding base rent. However, the lease provides an annual reconciliation such that RWF does not pay more percentage rent on gross receipts than base rent each calendar year. Due to seasonal fluctuations in sales, RWF does not pay any percentage rent in certain months of the year yet always generates percentage rent in excess of base rent on an annual basis. Due to the high monthly base rent under the existing lease terms, the Port has historically had to refund RWF for excess rent paid each year.

Based on a historical analysis of RWF's rent payments under Lease L-9176, Port staff projects no reduction in overall revenues to the Port as a result of the proposed amendment. The proposed base

OF SAN FRANCISCO
TEL 415 274 0400 TTY 415 274 0587 ADDRESS: Pier 1

rent reduction will enable RWF to stabilize monthly cash flow by requiring a lower rent payment during off-season or slow periods when gross revenues, and the related percentage rent revenues due the Port, are reduced. While this reduction will translate to lower monthly rent payments during the off season, annualized rent payments to the Port are expected to stay the same. Further, the base rent reduction will align RWF more closely to its competitors at the Port in terms of rent.

In exchange for reducing the base rent, RWF has agreed to release the Port and hold it harmless from any and all claims arising from or related to any actual or alleged violation of federal, state or local anti-trust laws involving the Blue & Gold Fleet or other excursion vessel operators; any unfair, discriminatory or disparate treatment as compared to the Blue & Gold Fleet or other excursion vessel operators; and excessive or unfair application of rental rates or percentage rent collection procedures as compared to the Blue & Gold Fleet or other Port tenants.

In summary, Port staff recommends the Port Commission approve the proposed First Amendment to Amended and Restated Lease No. L-9176 reflecting the rent reduction and the release. A copy of said document is on file with the Port Commission Secretary.

Prepared by: Phil Williamson, Senior Property Manager, Real Estate Department

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-69

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Under Charter Section 3.581(g), leases and franchises granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Golden Gate Scenic Steamship Corporation operates the Red and White Fleet ("RWF") excursion vessel operations at Pier 43 ½ under Port Amended and Restated Lease No. L-9176 ("Lease"); and

WHEREAS, Staff recommends that the Port Commission amend the Lease to reduce RWF's monthly base rent as more fully described in Staff Memorandum dated December 11, 2002 for this Agenda item;

WHEREAS, Staff expects that the base rent reduction will not affect annualized rent payments received by the Port from RWF and is consistent with base rent paid by other excursion vessel operators at the Port on a per unit basis; NOW, THEREFORE, BE IT

RESOLVED, That the Port Commission hereby approves the First Amendment to Amended and Restated Lease No. 9176 between the San Francisco Port Commission and RWF, substantially in the form on file with the Commission Secretary, and that the Executive Director, or his designee, is hereby authorized and directed to execute the same.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 17, 2002.

_____
Secretary

FIRST AMENDMENT TO
AMENDED AND RESTATED LEASE NO. L-9176

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LEASE NO. L-9176 (the "**Amendment**"), dated as of December 17, 2002 for reference purposes only, is entered into by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**"), operating through the SAN FRANCISCO PORT COMMISSION ("**Port**"), as landlord, and GOLDEN GATE SCENIC STEAMSHIP CORPORATION, a California corporation, as tenant ("**Tenant**") with reference to the following facts:

Whereas Port and Tenant entered into that certain Amended and Restated Lease dated June 23, 1997 (the "**Lease**") pursuant to which Tenant leases from Port certain real property defined therein as the Premises. All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Lease.

Whereas Tenant desires to reduce the Base Rent under the Lease.

Whereas Port has agreed to reduce the Base Rent on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Port and Tenant hereby amend the Lease as follows:

1. **Effective Date.** Subject to approval by the Port Commission, the terms and conditions of this Amendment shall become effective as of January 1, 2003 (the "Effective Date").

2. **Base Rent.** Base Rent payable under this Lease from the Effective Date of this Amendment through June 30, 2005 will be $8,034.00. Base Rent payable thereafter for the remainder of the term will be as adjusted pursuant to Section 3.2 of the Lease. Section 3.1 of the Lease is hereby amended accordingly.

3. **Release and Indemnification.** In consideration for Port's agreement to reduce Base Rent as set forth in Section 2 above, Tenant hereby agrees to release, defend and hold harmless the Port, City and their respective officers, agents and employees with respect to any and all claims related to actual or alleged violation of (a) federal, state or local antitrust laws or regulations involving the Blue and Gold Fleet or other excursion vessel operators on Port property; (b) unfair, discriminatory or disparate treatment in comparison to the Blue and Gold Fleet or other excursion vessel operators on Port property; and (c) excessive or unfair application of rental rates, percentage rent collection procedures, or other lease terms applicable to rent in comparison to the Blue and Gold Fleet or other Port tenants.

4. **Section 27.1 of the Lease is hereby deleted and replaced with the following:**

"27.1 Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

(b) Subleases and Other Subcontracts. Tenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and

12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Lease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Lease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. As a condition to this Lease, Tenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (ii) the HRC approved such form.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Tenant shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant."

5. **The following shall be added to the Lease as Sections 27.6 through 27.10:**

"27.6 Wages and Working Conditions. With respect to the construction of improvements and any alterations, any employee performing services for Tenant shall be paid not less than the highest prevailing rate of wages as required by Section A7.204 of the City and County of San Francisco Charter and Sections 6.33 through 6.45 of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant shall require any contractor to provide, and shall deliver to City every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of the Tenant Improvement Work or any Alterations on the Premises.

27.7 Pesticide Prohibition. Tenant shall comply with the provisions of Chapter 39 of the San Francisco Administrative Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Tenant to submit to Port an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the terms of this Lease, (b) describes the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with the City.

27.8 First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Tenant agrees to abide by the First Source Hiring Ordinance and, upon request, Tenant shall enter into a First Source Hiring Agreement meeting applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

27.9 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to

comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at www.ci.sf.ca.us\HCAO. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Tenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Tenant's failure to comply with the HCAO shall constitute a material breach of this Lease. City shall notify Tenant if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Subcontract entered into by Tenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Tenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Tenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the Subcontractor's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.

(e) Tenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

Tenant shall keep itself informed of the current requirements of the HCAO.

Tenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(g) Tenant shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five (5) business days to respond.

City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with City when it conducts such audits.

If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than $25,000 ($50,000 for nonprofits), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach $75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and the Contracting Department to be equal to or greater than $75,000 in the fiscal year.

27.10 Notification of Limitations on Contributions. San Francisco Campaign and Governmental Conduct Code (the "Conduct Code") Section 3.700 *et. seq.*, and San Francisco Ethics Commission Regulations 3.710(a)-1 – 3.730-1, prohibit the public officials who approved this contract from receiving (1) gifts, honoraria, emoluments or pecuniary benefits of a value in excess of $50; (2) any employment for compensation; or (3) any campaign contributions for any elective office for a period of up to six years from individuals and entities who are "public benefit recipients" of the contract. Public benefit recipients of the contract are: (1) the individual, corporation, firm, partnership, association, or other person or entity that is a party to the contract; (2) an individual or entity that has a direct 10% equity, or direct 10%

participation, or direct 10% revenue interest in that party at the time the public benefit is awarded; or (3) an individual who is a trustee, director, partner or officer of the contracting party at the time the public benefit is awarded.

Tenant understands that any public official who approved this contract may not accept campaign contributions, gifts, or future employment from Tenant except as provided under the Conduct Code. Tenant agrees to notify any other individuals or entities that may be deemed "public benefit recipients" under the Conduct Code because of this contract. Upon request, Tenant agrees to furnish, before this contract is entered into, such information as any public official approving this contract may require in order to ensure such official's compliance with the Conduct Code. Upon request, the City agrees to provide, before this contract is entered into, Tenant with a list of public officials who, under the Conduct Code, approved this contract. Failure of any public official who approved this contract to abide by the Conduct Code shall not constitute a breach by either the City or Tenant of this contract. Notwithstanding anything to the contrary in this contract, neither party shall have the right to terminate the contract due to any failure by the other party to provide the information described in this paragraph."

6. **Miscellaneous.** This Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter herein. Except as modified in this Amendment, the Lease remains in full force and effect and unchanged.

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IN WITNESS WHEREOF, PORT and TENANT execute this First Amendment to Amended and Restated Lease No. L-13039 at San Francisco, California, as of the last date set forth below.

PORT:
CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By_____
Ken Winters, Director of Real Estate

Dated:_____

TENANT:
GOLDEN GATE SCENIC STEAMSHIP CORPORATION,
A California corporation

By: _____ By:_____

Its_____ Its_____

Dated:_____ Dated:_____

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By_____
Deputy City Attorney

Dated:_____

Lease Amendment Prepared By Phil Williamson, Senior Property Manager_____
(initial)

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PORT OF SAN FRANCISCO

MEMORANDUM

December 12, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Approval of Fourth Amendment to Lease No. L-11859 with Bundox Restaurant, Inc. for Property Situated at Pier 7 (Broadway and Embarcadero).**

DIRECTOR'S RECOMMENDATION: APPROVE FOURTH AMENDMENT TO LEASE NO. L-11859.

BACKGROUND

The Bundox Restaurant, Inc. has operated at the same location on Port property since 1969, when Al and Cheryl Falchi bought the Pier 7 Café and renamed it the Bundox Restaurant. The restaurant operated as the Bundox Restaurant until 1973 when it was severely damaged by a fire that destroyed Pier 7. A new building was constructed and, in July 1975, the Falchis re-opened the doors of their restaurant at its present location as the Waterfront Restaurant (the "Waterfront").

In 1996, the Falchis proposed a significant expansion and remodel of the Waterfront. As consideration for the Falchis' proposed investment, the Port agreed to amended lease terms, which were reflected in the Reaffirmation and Amendment to Lease and Consent to Encumbrance dated June 28, 1996 and approved by the Board of Supervisors (the "Lease"). The City, acting through the Mayor's Office of Community Development ("MOCD"), loaned $3,250,000 of federal HUD money to the Waterfront for the proposed improvements (the "MOCD Loan"). The Port and Waterfront entered into two subsequent amendments to the Lease to reflect the terms and conditions of the MOCD Loan and other agreements applicable to the proposed improvements.

Due to financial difficulties and certain disputes with its contractor relating to the tenant improvements at the restaurant, the Waterfront was unable to meet the terms of the MOCD Loan.

This Print Covers Calendar Item No. **5B**

In May 2000, MOCD agreed to amend the MOCD Loan by allowing the Falchi's to refinance certain properties held as security, release the security interest MOCD had in these properties, and permit the Falchi's to use the refinancing proceeds to pay certain specified debts of the Waterfront.

While the initial relief granted by MOCD aided the Waterfront, the poor economic climate and systemic financial difficulties have made the Waterfront unable to meet its obligations under the Lease and the MOCD Loan. The Waterfront and the Falchis have a long-standing relationship with the City and the Port. In addition to serving as an important anchor tenant at the foot of Broadway and the Embarcadero, the Waterfront has consistently generated rental income for the Port.

To enable the continued economic viability of the Waterfront, Port and MOCD staff, on behalf of the City, have negotiated a comprehensive workout of both the Lease and the MOCD Loan. The workout terms relating to the Lease are documented in a Fourth Amendment to the Lease (the "Lease Amendment"). The salient terms of the Lease Amendment are described in more detail below, and a copy of the complete Lease Amendment is on file with the Commission Secretary. In addition to approval by the Port Commission, the Board of Supervisors must adopt a resolution approving the Lease Amendment and the Mayor must approve the Board resolution before the Lease Amendment can become effective.

The workout terms relating to the MOCD Loan are documented in a Second Amendment to the Loan ("Loan Amendment"). In short, MOCD has agreed to reduce the interest rate from 9% to 6%, and to extend the payment schedule (and thereby reduce the monthly payment amount) so that it ends coterminously with the Lease. A copy of the complete Loan Amendment is attached as Exhibit A. The Loan Amendment is subject to approval by the Mayor and Board of Supervisors, and Port and MOCD intend to present the two amendments together as one package resolution for review and approval by the Board and Mayor.

PROPOSED LEASE AMENDMENT

Effective Date:	Subject to all requisite approvals, the Lease Amendment will be retroactively effective as of November 1, 2002.
Premises:	The parties agree to re-measure the square footage of the demised premises in accordance with the Building Owners' and Managers' Association (BOMA) standards and document it into the Lease.
Term:	The term of the Lease will be extended to February 1, 2025.
Base Rent:	Commencing on the Effective Date and continuing throughout the Term, Waterfront agrees to pay monthly Base Rent of $10,000.00.
Threshold Date:	The parties agree to the concept of a "Threshold Date" which is defined as the earlier of (a) the first day of the calendar month following the date when gross receipts exceed $6,000,000 in a fiscal year, or (b) February 1, 2007.

Base Rent Adjustment: Commencing as of the Threshold Date, Base Rent will be subject to annual CPI adjustments.

Deferred Rent: Deferred Rent will equal the difference between (a) the Base Rent paid by Waterfront from November 1, 2002 to the Threshold Date and (b) $21,784.79 (which is the base rent payable under the existing Lease) times the number of calendar months from November 1, 2002 to the Threshold Date. Waterfront will pay Port the Deferred Rent, if and to the extent available, upon the occurrence of a transfer or refinance, as further described below. Unpaid Deferred Rent will be forgiven at the time of an approved transfer or upon expiration of the Lease. Port will have the right to seek Deferred Rent as part of damages in the event of a Lease default.

Percentage Rent: Under the existing Lease, the Waterfront must pay Percentage Rent to Port in the amount of seven percent (7%) of gross receipts to the extent such amount exceeds Base Rent. Under the Lease Amendment, this Percentage Rent amount is reduced to six percent (6%), and is payable as outlined below:

(a) Commencing from November 1, 2002 to the day prior to the Threshold Date, the Waterfront's obligation to pay Percentage Rent will be subordinated to the Waterfront's operating expenses. If and to the extent the Waterfront generates NOI (as defined below) in any year, Waterfront will pay annually fifty percent (50%) of such NOI to MOCD as principal debt reduction of the MOCD Loan and will retain the remaining fifty percent (50%) of NOI. NOI will mean gross receipts less Permitted Expenses. Permitted Expenses will mean all expenses typically incurred by restaurant operators of similar quality, including Base Rent payments and MOCD Loan payments but excluding payments to owners or other investors. For purposes of determining NOI in the second fiscal year following the Effective Date and thereafter, Permitted Expenses cannot exceed ninety-five percent (95%) of gross receipts; provided, however, the Port Director, in consultation with the MOCD Director, may elect to waive this 95% threshold in any given year if he or she reasonably determines that the Waterfront's operating expenses reasonably exceeded 95% of gross receipts notwithstanding the Waterfront's efforts to reduce costs.

(b) For the period commencing from the Threshold Date to January 31, 2012, Waterfront will make monthly payments of Percentage Rent without regard to its operating expenses. Waterfront will pay fifty percent (50%) of the Percentage Rent to Port and fifty percent (50%) to MOCD as principal debt reduction of the MOCD Loan.

(c) For the period commencing from February 1, 2012 and continuing for the remainder of the Term, Waterfront will make monthly payments to the Port of one hundred percent (100%) of Percentage Rent.

Improvement Credits: The concept of Improvement Credits will be deleted from the Lease.

Transfers: If at any time during the Term, Waterfront transfers the Lease in connection with a sale of the restaurant business or any of the assets of the restaurant business, then Waterfront will distribute the net transfer proceeds in the following priority order: (a) payoff of MOCD Loan and related charges; (b) payment of Deferred Rent to Port; (c) remainder to be split equally by Waterfront and the Port. Any unpaid Deferred Rent will be forgiven in the event of an approved sale. The Port will have the right to adjust Base Rent and Percentage Rent to market, effective one year from the transfer date. If the transfer does not include sale of the business or assets, then Waterfront will pay Port all transfer consideration receivable by Waterfront less reasonable transaction costs. Unpaid Deferred Rent will not be forgiven in such an instance.

Refinances: If at any time during the Term, Waterfront refinances the MOCD Loan, then Waterfront will distribute aggregate proceeds in the same priority order as a Transfer above. Unpaid Deferred Rent will not be forgiven and will be payable upon the occurrence of a Transfer.

Operational Oversight: Waterfront agrees, as covenants in the Lease, to (a) implement the recommendations of a consultant engaged by MOCD and (b) various "borrower" covenants made in the MOCD Loan.

City Requirements: Waterfront agrees to comply with all requisite City requirements applicable to lease amendments.

STAFF RECOMMENDATION

As noted above, Waterfront and the Falchis have a long-standing relationship with the City and the Port. The Waterfront serves as an important commercial enterprise on Port property. Staff believes that it is in the best interest of the Port to ensure the continued economic viability of this business under its existing management team. The proposed Lease Amendment will enhance Waterfront's cash flow while providing the Port additional operational control. As such, Staff recommends that the Port Commission approve the Fourth Amendment to Lease No. L-11859.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-70

WHEREAS, Charter, Section B3.581 empowers the San Francisco Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, By lease dated December 20, 1994, the San Francisco Port Commission entered into Port Lease No. L-11859 ("Lease") with Bundox Restaurant, Inc. ("Waterfront") for the operation of a restaurant at Pier 7; and

WHEREAS, On February 20, 1996, the San Francisco Port Commission approved entering into Reaffirmation, Amendment to Lease and Consent to Encumbrance (San Francisco Port Commission Resolution No. 96-15) modifying the terms of the Lease; and

WHEREAS, The City and County of San Francisco ("City"), acting through the Mayor's Office of Community Development ("M.O.C.D.") loaned $3,250,000 to Waterfront for the construction of the improvements contemplated by the Lease; and

WHEREAS, On November 5, 1996, the San Francisco Port Commission approved entering into a Second Amendment to Lease and Consent to Encumbrance (San Francisco Port Commission Resolution No. 96-117) further modifying the terms of the Lease so as to be in conformance with the terms of the M.O.C.D. loan; and

WHEREAS, On July 16, 1997, the San Francisco Port Commission approved entering into a Third Amendment to Lease (San Francisco Port Commission Resolution No. 97-70) modifying the Base Rent under the terms of the Lease during the construction of the improvements contemplated by the Lease; and

WHEREAS, Waterfront is unable to meet the terms and conditions of the M.O.C.D. loan and the Lease due to financial difficulties and other reasons; and

WHEREAS, Waterfront has a long-standing relationship with the Port and the City and serves as an important commercial enterprise on Port property; and

WHEREAS, M.O.C.D. and Port staff have negotiated a comprehensive workout of the M.O.C.D. loan and the Lease to ensure the continued economic viability of the Waterfront; and

WHEREAS, The workout terms applicable to the Lease are documented in a proposed Fourth Amendment to Lease which is on file with the Secretary of the Port Commission; now therefore, be it

RESOLVED, That the San Francisco Port Commission hereby approves the Fourth Amendment to Lease between the San Francisco Port Commission and Bundox Restaurant. Inc. ("Fourth Amendment"), substantially in the form on file with the Secretary of the San Francisco Port Commission, and that the Executive Director, or his designee, is hereby directed to execute the same; and be it further

RESOLVED, That the Executive Director or his designee, is hereby authorized to execute such additional documents as requested by M.O.C.D. necessary to effect the terms and conditions of the modified loan agreement between M.O.C.D. and Waterfront in such form as may be approved by the City Attorney.

I hereby certify that the Port Commission at its meeting of December 17, 2002 adopted the foregoing resolution.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

December 11, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adoption of CEQA Findings and Approval of Authorization to Advertise for Design-Build Services for the Illinois Street Bridge, Contract No. 2680

DIRECTOR'S RECOMMENDATION: ADOPT THE CEQA FINDINGS AND AUTHORIZE STAFF TO ADVERTISE AND ISSUE A STIPEND FOR DESIGN-BUILD SERVICES TO DESIGN AND CONSTRUCT THE ILLINOIS STREET INTERMODAL BRIDGE AND APPROACHES IN THE SOUTHERN WATERFRONT.

SUMMARY
Port staff requests that the Commission authorize the advertisement for design-build (D-B) services to design and construct the Illinois Street Intermodal Bridge over Islais Creek, the Bridge approaches on the north and south banks, and the rail track connection to the Pier 80 terminal. Construction of this Bridge will provide replacement rail service to Pier 80 previously accessed via the Potrero Wye at 16th Street.

BACKGROUND
The project site is located in an area known as the Southern Waterfront, which extends generally from Mariposa Street to India Basin, and is home to most of the Port's cargo and ship repair operations. The proposed Illinois Street Intermodal Bridge ("Illinois Street Bridge" or "Bridge") will be constructed across Islais Creek, extending from Illinois Street on the north side of the Creek, one block east of the existing Levon Hagoop Nishkian drawbridge on Third Street. The Bridge will connect the Port's Pier 80 cargo terminal on the north side of Islais Creek with the southern cargo terminals at Piers 90-92 and 94-96, located on the south side of the Creek.

The Illinois Street Bridge will be an intermodal bridge that allows combined freight rail and truck/auto traffic. The traffic lanes also will be open for use by bicyclists. No pedestrian access will be provided over this Bridge, although pedestrian access will be maintained across the Creek

This Print Covers Calendar Item No. **6A**

via the adjacent parallel Nishkian Third Street Bridge. The Illinois Street Bridge will include a fully movable span that will maintain access to the west end of Islais Creek for commercial vessels and larger recreational boats in the open position, yet allow for smaller recreational boats (e.g., kayaks, canoes, etc.) to navigate beneath it in the closed position. The vertical clearance of the Illinois Street Bridge will be the same as for the Nishkian Third Street Bridge.

The bridge will improve rail and truck access for cargo transport between the Port's northern and southern terminals and reduce industrial traffic from Port activities on Third Street, particularly truck trips that otherwise are projected to congest the intersection of Third Street and Cargo Way. Construction of the Bridge will create a second crossing of Islais Creek that will help balance the loss of vehicle capacity on Third Street that will result from the development of MUNI light rail transit, that will eliminate one traffic lane in each direction.

COMMUNITY INVOLVEMENT

The Illinios Street Bridge has been the subject of review at several meetings of the Southern Waterfront Advisory Committee (SWAC), which has served as the most frequent public forum for disseminating information to and obtaining community feedback on the project. In addition to the SWAC, meetings have been conducted with the Bayview Hunters Point Project Area Committee, Maritime Commerce Advisory Committee, the owner and tenants of the 1800 Illinois Street building adjacent to the Bridge, the Pier 70 Advisory Committee, and other groups to solicit comments and discuss specific Bridge design and operational details and options. In February 2002, Port staff provided the Commission with a written staff report and informational presentation on the Illinois Street Bridge, containing details of the various community issues addressed. Exhibit A provides an updated list of the community meetings that have been held on this project. Based on these public meetings, conceptual design modifications have been made to the Illinois Street Bridge plans, which are reflected in the project specifications below.

PROJECT SPECIFICATIONS

The Port engineering Staff have worked with consultants to develop design and performance specifications for the Bridge. For the stationary bridge components, the Port and consultants have developed a 30% design. In contrast, the Port has not developed any design for the moveable span of the bridge, and will use the contract process as described further below to solicit moveable bridge designs from qualified firms. Instead, the Port will set forth performance criteria for operation of the moveable span. Key design specifications include the bridge, rail, and approach work as described below:

Bridge

- Must be designed and engineered to alternatively support freight rail, heavy trucks and autos
- Freight rail tracks centered on two 14-foot wide traffic lanes
- Bicycle access in the traffic lanes
- The Bridge span over Islais Creek is approximately 500 feet
- The movable span, when open, would be open 65-feet wide with unobstructed vertical clearance for access by large vessels
- Five feet vertical clearance underneath the Bridge from mean high water (same as Nishkian bridge on Third Street)
- Bridge appearance should be simple industrial style

- Flexible bridge operation capability to meet operation protocols (e.g. notice and frequency of bridge openings) that are expected to change over time

Rail

- Rail to connect the existing rail track on Illinois Street (north side) to the Port's Intermodal Cargo Transfer Facility (ICTF) rail (on the south side)
- New rail track installation to provide direct rail connection to Pier 80 from the Bridge
- New rail track installation from the Bridge to existing track in Illinois Street

Road Work

- Paving of Illinois Street between Cesar Chavez and Marin Street, with dedicated bike lanes – *under contract through the Department of Public Works (DPW) Streets and Highway Section, with cost or material contributions from DPW and Muni*
- Regrading and paving of Illinois Street, between Marin Street and Islais Creek with dedicated bike lanes that lead up to the Bridge
- New roadway connecting the Bridge to the intersection of Amador Street and Cargo Way
- New signalized intersection design at Amador / Cargo Way
- New signalization at Marin / Illinois Street intersection (tentative, pending Union Pacfic Railroad approval of a tighter horizontal curve to Pier 80; if approved, the need for this signal will be eliminated as the new rail to Pier 80 would be contained within the Pier)
- Designed to accommodate industrial traffic, similar to Third Street

Pedestrian Improvements

- 10' sidewalk (south bound) along Illinois Street between Islais Creek and Marin Street
- 10' sidewalks (north and south bound) along Illinois Street, between Marin and Cesar Chavez Streets – *under contract through the DPW Streets and Highway Section*

Additional public access improvements are planned and conceptually laid out in the vicinity of the Illinois Street Bridge, but these improvements are subject to the permit process of the San Francisco Bay Conservation and Development Commission (BCDC). New public access is proposed by: 1) re-landscaping of the Tulare Pocket park, located on the north side of Islais Creek, between Illinois and Third Streets, to improve pedestrian access and bring that area into compliance with Americans with Disabilities Act requirements; 2) create a new landscaped pedestrian path adjacent to the east side of the Illinois Street Bridge approach, on the Pier 80 terminal, which would provide access to the shoreline area on the north side of Islais Creek which has been proposed for a Muwekma Ohlone Sanctuary open space; 3) new landscaping improvements on the south side of Islais Creek, where the new Bridge roadway meets the Amador Street and Cargo Way intersection. It is anticipated that the public access improvements will be constructed through a separate contractor who does not need to have the engineering and rail construction qualifications that will be required of the design-build contractor.

PROJECT DELIVERY METHOD

This project will be designed and constructed using the Design-Build (D-B) project delivery method. D-B is a method of project delivery that combines the design and construction function with one entity. The key advantage of using this method for this project is that it enables the Port to gain the greatest access to innovative, cost-effective moveable bridge designs, some of which may be proprietary, by firms with proven ability to construct them. Firms with a proprietary bridge design are less likely to submit proposals if they have no guarantee that they can construct

it. In addition, the D-B process will achieve time-savings through award of one contract instead of two separate contracting processes to first hire a design team, followed by a second process to hire the construction contractor. Typically, D-B teams also can achieve savings in time and cost through more efficient coordination during the construction process. Finally, the D-B process enables the Port to shift the risk of the Bridge design phase to the selected D-B entity.

To ensure that the teams possess solid qualifications, the D-B process will be conducted in two phases. In the first phase, D-B firms will submit a proposal for the moveable bridge span, and their engineering, design and construction qualifications. This Phase 1, Request for Qualifications (RFQ) phase, will consist of the following steps:

- Review of minimum general requirements
- Review of written submittals
- Short-list for Interviews
- Interviews
- Short-list for Phase 2 selection process (3 teams)

All D-B proposals will be reviewed by a panel to determine a short list of qualified D-B teams. These pre-qualified teams will be invited to participate in Phase 2, Request for Proposals (RFP) phase. The RFP will include a concept plan for the bridge and approaches, and the design criteria and performance specifications for the moveable mid-span segment of the Bridge. From this RFP, the pre-qualified D-B teams will be developing their overall design, to include the moveable span of the intermodal bridge to a 30% level, for further consideration. The actual design of the moveable span will be produced by the D-B entities that respond to the RFP.

Phase 2 of the selection process will consist of the following:

- Pre-Qualified Candidate Conference
- Review of Candidate design
- Individual Candidate meeting/presentation
- Submit Bids
- Select lowest bidder

Issuance of a stipend to the pre-qualified teams is an industry standard that can be used to ensure that quality designs are received for consideration. The Port is evaluating whether stipends will be issued to the candidates after they have submitted the pre-approved 30% designs and bids based on current industry standards for using the design-build project delivery method. The total value of the stipend to be available that is under consideration is $30,000 to be split among the number of pre-qualified candidates. Candidates will submit a bid on their pre-approved design. The Port will offer the contract to the candidate with the lowest bid relative to the other competing designs evaluated in Phase 2.

OUTREACH TO LOCAL BUSINESSES AND COMMUNITY

The Port will establish Women/Minority/Local Business Enterprise (MBE/WBE/LBE) contracting goals for this project through the San Francisco Human Rights Commission (HRC) MBE/WBE/LBE Program. In addition, the D-B entity will be required to submit with its

proposal a local community outreach program to hire qualified applicants from local areas identified by postal zip codes 94134, 94124 and 94107 and use good faith in hiring applicants from these postal zip codes in order to promote transit ridership to the construction site and facilitate local community involvement in the Port's Southern Waterfront program.

FUNDING

The engineer's estimate for the proposed work is $13,600,000 (hard and soft costs). Project cost will be funded through various sources as indicated:

Source of Funding	Available Amount	Limitations on Funding
Port Capital 2001-2002	$1,869,000	$2.2M was authorized; $331K already spent on pre-design work
Municipal Transportation Agency (via lease payments for the Western Pacific site)	$4,000,000	Money must be expended by January 25, 2004, otherwise it must be returned; a 2-year extension may be granted
Catellus Development Corporation	$4,300,000	Project must be underway by November 2003 or funding is forfeited
Norcal	$1,000,000	Lease required infrastructure fee
Bode Gravel	$209,358	Lease required infrastructure fee
Pacific Cement	$247,485	Lease required infrastructure fee
Total Secure Funding	$11,625,843	
Short-Fall	$1,974,157	

There is a current estimated funding short-fall of approximately $2 million. This short-fall is largely the result of a bridge design change. Initial funding for this project was requested with the understanding that the bridge would have a lift-segment design requiring cranes mounted on barges to open the Bridge. As the conceptual design progressed and discussion with other permitting agencies and the community continued, the design evolved from a lift-segment to a fully mechanized movable span. This design change is the sole contributor to the current estimated short-fall in funding for this project.

This shortfall, however, may increase or decrease depending on the design submitted by the D-B team since a significant unknown cost for this project is the moveable span (designs, and thus construction costs, can and will vary widely). Port Staff continue to secure additional funds from alternative sources to close the gap on the short-fall, and given that selection of a D-B is several months after actual advertisement, Staff feel that there is adequate time to close the gap. If in the event that the short-fall cannot be eliminated, the scope of work will be reduced through identified project alternates (additive and deductive) to match available funds. Scope that has been eliminated will be structured so that it can be phased-in as a separate contract or possibly as a change-order to this contract should funding become available in the near future.

ANTICIPATED SCHEDULE

As part of the Mission Bay South Infrastructure Plan, Memorandum of Modification No. 4, Catellus will be removing freight rail tracks on parcel S-26 commencing no earlier than January 1, 2003. Removal of these tracks will result in a temporary suspension of rail service to Pier 80

via the existing Potrero Wye located along 16th Street until completion of the Illinois Street Intermodal Bridge. Note, however, that if the Bridge is not constructed for any reason, the Port has the right to require Catellus to proceed with the relocation of the rail access to Pier 80 via 16th Street.

We anticipate the following schedule to return rail service to Pier 80 via the bridge:

- Publish Advertisement for RFQs – January 2003
- Evaluate Submittals and Pre-Qualify Designs – February through May 2003
- Bid Opening – May 2003
- Contract Award – June 2003
- Notice to Proceed – July 2003
- Start Design – July 2003
- Start Construction – December 2003
- Project Completed – December 2004

ENVIRONMENTAL REVIEW

The environmental impacts of the Illinois Street Bridge were analyzed in the Southern Waterfront Final Supplemental Environmental Impact Report (SEIR), certified by the Planning Commission in February 2001, which supplements the Waterfront Land Use Plan Final EIR (WLUP FEIR), certified in January 1997. Both EIR's were prepared by the San Francisco Planning Department pursuant to the California Environmental Quality Act (CEQA) and associated CEQA Guidelines. The WLUP FEIR analyzed at a program level the impacts associated with the Waterfront Land Use Plan. The SEIR evaluated leases and development activities proposed or contemplated for Port Southern Waterfront properties, and supplemented the environmental impacts, mitigation measures and alternatives in the WLUP FEIR. The SEIR is a Program EIR, as defined under CEQA, which also analyzes the project specific impacts of certain of the uses proposed to occur in the Southern Waterfront. The Illinois Street Bridge was one of those specific components studied in the SEIR.

Subsequent to the certification of the SEIR, the Planning Department prepared an Addendum to the SEIR, dated December 9, 2002, which addresses the environmental consequences of modifications that have been made to the Bridge design since SEIR certification, and comments or new information that has become available that relates to the Illinois Street Bridge. The Addendum to the SEIR is included as Exhibit B, and concludes that the proposed design modifications, the new information, or any change in the circumstances under which the Bridge will be undertaken, do not require major revisions to the previous WLUP FEIR or the SEIR because there are no new significant environmental effects identified, nor any increases in the severity of previously identified environmental effects. In addition, the new information does not result in identification of new or substantially different feasible mitigation measures than those already described in the SEIR.

Exhibit C presents the CEQA findings for the Illinois Street Bridge which include: 1) a detailed description of the scope and relationship of the WLUP FEIR, the SEIR, and the SEIR Addendum; 2) a description of the Illinois Street Bridge; and 3) the mitigation measures that will be required to be implemented as part of the construction of the Bridge. Exhibit D presents the

Illinois Street Bridge Mitigation Monitoring Program which describes in detail how each of the applicable mitigation measures will be implemented.

Port staff seeks authorization from the Commission to advertise for D-B services for this project and issue a stipend to pre-qualified teams. Prior to authorizing this RFQ/P process for the Illinois Street Bridge, the Commission also must adopt the CEQA findings.

Prepared by: Kathy Nakazawa, Project Manager
for Nieret Mizushima, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-61

WHEREAS, The Illinois Street Bridge will be an intermodal bridge that allows combined freight rail and truck/auto traffic that will connect the Port's cargo terminal (Pier 80) on the north side of Islais Creek with the southern terminals at Piers 90-92 and 94-96 located on the south side of the creek; and

WHEREAS, The Bridge will include a fully mechanized movable span that will maintain access to the west end of Islais Creek for commercial vessels and larger recreational boats in the open position, yet allow for smaller recreational boats (e.g., kayaks, canoes, etc.) to navigate beneath it in the closed position, with the same vertical clearance as the Nishkian Third Street Bridge; and

WHEREAS, The Bridge will mitigate industrial traffic from Port activities on Third Street, particularly truck trips that otherwise are projected to congest the intersection of Third Street and Cargo Way, will create a second crossing of Islais Creek that will help offset the reduced vehicle capacity on Third Street that will result from the MUNI light rail transit project's elimination of one traffic lane in each direction; and

WHEREAS, Pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq. (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code, the Port Commission must review and consider the environmental impact analyses, and adopt findings prior to approving the Illinois Street Intermodal Bridge; and

WHEREAS, Environmental Impact Report files have been made available for review by the Port Commission and the public, and these files are part of the record before the Port Commission; and

WHEREAS, This Port Commission has reviewed and considered the Waterfront Land Use Plan Final Environmental Impact Report, certified by the San Francisco Planning Commission on January 9, 1997, and the Southern Waterfront Final Supplemental Environmental Impact Report (SEIR), certified by the Planning Commission on February 15, 2001, Case No. 1999.377E: and

WHEREAS, The SEIR provides a comprehensive evaluation of the impacts of a variety of activities in the Southern Waterfront area of the Port, including specific maritime industrial leases, Port infrastructure projects and a conceptual development program of other potential activities on Port property; and the Illinois Street Bridge is one of the components of the overall project evaluated in the SEIR; and

WHEREAS, The Planning Department's Environmental Review Officer issued an Addendum to the SEIR (Addendum) on December 10, 2002, to address proposed changes to the Illinois Street bridge design, primarily to respond to community concerns and regulatory requirements that have emerged since certification of the SEIR, and also review new information and respond to community comments that became available subsequent to the certification of the SEIR; and

WHEREAS, The Addendum concludes that the new information does not result in identification of new or substantially different feasible mitigation measures than those already described in the SEIR, and that no important revisions are needed in the SEIR because no new significant impacts, nor substantial increases in the severity of previously identified significant effects, would result from the revised project; nor are there changes in circumstances under which the Bridge would be undertaken that would require major revisions to the SEIR due to new significant effects or a substantial increase in the severity of previously identified significant effects; and no new information has come to light that would indicate the potential for new, or more severe, significant impacts than those discussed in the SEIR; and

WHEREAS, This Port Commission has reviewed and considered the Addendum to the SEIR and agrees with its conclusions; and

WHEREAS, The Port has obligated $2,200,000 in the FY 2001-2002 Capital Plan towards the construction of the Illinois Street Bridge; and

WHEREAS, The Port has received $2,500,000 from Catellus Development Corporation under the Mission Bay South Infrastructure Plan, Memorandum of Modification No. 4 towards the cost incurred by the City in the construction of the Illinois Street Bridge subject to certain conditions, including a commitment of funding from the City for the balance of the cost of constructing the Illinois Street Bridge within 5 years of the Effective Date, and the Port's agreement to abandon all rail lines within the South Plan Area north of Mariposa Street upon completion of the work; and

WHEREAS, The Port has received an additional $1,800,000 contribution from Catellus to allow for temporary suspension of the rail service to Pier 80 from January 1, 2003, at the earliest, until completion of the Illinois Street Bridge; and

WHEREAS, The Port has agreed to dedicate no less than $4,000,000 of the use fee received for MUNI's use of the Port's Western Pacific Railroad Yard to the construction of the Illinois Street Bridge; and

WHEREAS, The Port has received $1,000,000 from Sanitary Fill Company (Norcal) pursuant to its lease agreement with the Port as a contribution toward Infrastructure Improvements in the Southern Waterfront; and

WHEREAS, The Port has received $209,358 from Bode Gravel Company/Mission Valley Rock Company pursuant to its lease agreement as a contribution toward Infrastructure Improvements in the Southern Waterfront; and

WHEREAS, The Port has received a commitment of $247,485 from Pacific Cement Company pursuant to a lease extension agreement as a contribution toward Infrastructure Improvements in the Southern Waterfront; and

WHEREAS, The Illinois Street Intermodal Bridge will be delivered using the Design-Build project delivery method which provides for greater cost-saving, time-savings, and the shifting of design risk to the design-build entity, with the selection of the design-build entity to be based on lowest responsive bid; and

WHEREAS, Issuance of a stipend to the pre-qualified teams is an industry standard that may be used to ensure that quality designs are received for consideration; and

WHEREAS, As part of the Mission Bay South Infrastructure Plan, freight rail tracks on parcel S-26 will be removed commencing no earlier than January 1, 2003, and removal of these tracks will result in a temporary suspension of rail service to Pier 80 via the existing Potrero Wye located along 16th Street until completion of the Illinois Street Intermodal Bridge; and

WHEREAS, Port staff has completed the conceptual plans for the bridge, roadways and rail, and the design criteria and specifications for the moveable span to be included as part of the RFQ and RFP; and

WHEREAS, The estimated cost of the work is $13,600,000, which will be funded with various sources of monies as indicated above, and Staff will continue to close the gap on the remaining short-fall; now therefore be it

RESOLVED, That the Port Commission hereby adopts CEQA findings, and establishes a Mitigation Monitoring and Reporting Program, as required by Section 21081.6 of the Public Resources Code, and as attached to this Resolution 02 - 61, (Exhibit C "Findings of the Port Commission Approving the Illinois Street Vehicle/Rail Bridge Crossing Islais Creek"; Exhibit D Illinois Street Bridge Mitigation Monitoring and Reporting Program); and be it further

RESOLVED, That the Port Commission hereby imposes and requires implementation of the Mitigation Measures as set forth in Section IV of the Findings adopted by this Resolution, and as further described in the Mitigation Monitoring and Reporting Program; and be it further

RESOLVED, That the Port Commission hearby authorize Port staff to issue a stipend to pre-qualified D-B teams if staff determines that issuance of a stipend is necessary; and be it further

RESOLVED, That the Port Commission hereby authorizes Port staff to advertise for design-build services to design and construct the Illinois Street Intermodal Bridge.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 17, 2002.

_____
Secretary

EXHIBIT A
ILLINOIS STREET BRIDGE COMMUNITY MEETINGS

Date	Group/ Meeting Sponsor
7/30/01	Southern Waterfront Advisory Committee (SWAC)/ Port
8/1/01	Maritime Commerce Advisory Committee (MCAC)/Port
8/4/01	Muwekma Ohlone Park Community/ David Erickson
8/20/01	SWAC/ Port
9/6/01	Southern Waterfront Community at Pier 80/ Port
9/12/01	MCAC/Port
9/17/01	SWAC/ Port
9/ 25/01	Port Commission hearing, action to preserve Mission Bay funding option/ Port
9/25/01	Central Waterfront Community – Better Neighborhoods Planning Workshop/ San Francisco Planning Department
10/10/01	MCAC/Port
10/10/01	Pier 70 Advisory Group/ Port
10/15/01	1800 Illinois Street Owner & Tenants/ Port
10/22/01	Bayview Hunters Point Project Area Committee (BVHP-PAC) Land Use Committee/ BVHP PAC
11/5/01	1800 Illinois Street Owner & Tenants/ Port
11/14/01	MCAC/Port
12/18/01	Southern Waterfront Community at Pier 1/ Port
1/16/02	BVHP Community- MUNI Third Street Light Rail and Nearby City Projects/ BVHP Community and MUNI
2/12/02	Port Commission Meeting, Informational Presentation
7/10/02	SWAC/Port
10/02/02	SWAC/Port
12/04/02	SWAC/Port

EXHIBIT B

ADDENDUM TO SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT

Date of Certification of Final Supplemental EIR: February 15, 2001

Lead Agency:	City and County of San Francisco, Planning Department 1660 Mission Street, 5th Floor, San Francisco, CA 94103		
Agency Contact Person:	Lisa Gibson	**Telephone:**	(415) 558-5993
Project Title:	1999.377E - San Francisco Southern Waterfront	**Project Sponsor:**	Port of San Francisco
State Clearinghouse No.:	94123007	**Contact Person:**	Diane Oshima, Port of San Francisco (415) 274-0553
Project Address:	Various, generally Pier 70 south to India Basin and east of Illinois Street		
Assessor's Block and Lot:	Various		
City and County:	San Francisco		

Remarks:

On February 15, 2001, the San Francisco Planning Commission certified a Final Supplemental Environmental Impact Report (SEIR) for the San Francisco Southern Waterfront Project ("Project"). The Illinois Street Rail and Vehicle Bridge ("Illinois Street Bridge" or "Bridge") is a component of the Project. The SEIR supplemented the environmental analysis in the Waterfront Land Use Plan EIR ("WLUP EIR") for Port of San Francisco ("Port") property in the Southern Waterfront area. The Southern Waterfront (generally, Pier 70 south to India Basin and east of Illinois Street) is one of five subareas identified in the WLUP. The Southern Waterfront Project is consistent with the WLUP, but contains development details not considered in the WLUP EIR. These development details include proposals from various private entities, known as the "Industry Group" – most of which are involved in the production, storage, or processing of construction materials or their constituents – and several Port-sponsored development proposals, including the Illinois Street Bridge to construct a rail and truck bridge across Islais Creek to improve access between the Port's major maritime terminals.

(Continued on next page)

Based on the evaluation provided in this Addendum, it is concluded that the analyses conducted and the conclusions reached in the San Francisco Southern Waterfront Final Supplemental Environmental Impact Report, certified on February 15, 2001, remain valid and that no supplemental environmental review is required.

Date of Determination:

December 10, 2002

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

PAUL E. MALTZER, Environmental Review Officer

cc: Peter Dailey, Port of San Francisco
Kathy Nakazawa, Port of San Francisco
Distribution List
O. Chavez / Bulletin Board
L. Fernandez / Master Decision File

Remarks (continued):

Since certification of the SEIR, the Port has further refined and modified the proposed design of the Illinois Street Bridge, and this Addendum considers these further Bridge design details. Additional information also is available regarding diesel emissions in the immediate vicinity of the Bridge, biological resources at the Bridge site, and noise sources related to the Bridge construction and operation. The Addendum also provides additional information in response to community concerns about growth inducement. The Addendum concludes that the present Bridge design is within the scope of the environmental analysis in the SEIR and that no new information has come to light that would indicate the potential for new significant impacts or feasible mitigation measures not discussed in the SEIR.

BACKGROUND AND PURPOSE OF THE ADDENDUM

This Addendum addresses proposed changes to the Illinois Street Bridge design, primarily to respond to community concerns and regulatory requirements that have emerged since certification of the SEIR in February 2001.[1] The Addendum also reviews new information that became available subsequent to the certification of the SEIR. Neither the proposed Bridge design modifications nor the new information, as discussed in detail below, change the circumstances under which environmental impacts were analyzed in the SEIR, nor the SEIR analysis results.

In January 1997, the San Francisco Planning Commission certified the WLUP EIR, a Program EIR that analyzed a full range of uses on Port property, including the Southern Waterfront area between Piers 70 to India Basin. In 1999, there were several new proposed leases for use of Port Southern Waterfront property. In addition, the Port proposed to construct the Illinois Street Bridge and anticipated future growth in cargo shipping and other future development of maritime and non-maritime activities in the Southern Waterfront. The San Francisco Planning Department determined that these proposed activities, while consistent with the WLUP, could have potential significant physical environmental effects that were not fully analyzed in the WLUP EIR, and thus required supplemental environmental review. The Project described in the Southern Waterfront SEIR includes all of these development proposals and supplements the environmental analysis in the WLUP EIR for the Southern Waterfront area. The Southern Waterfront SEIR contains a focused analysis of the following impact topics to supplement the environmental analyses contained in the WLUP EIR: Land Use, Transportation, Air Quality, Hydrology and Water Quality, Hazardous Materials, Biological Resources, and Growth Inducement. The Illinois Street Bridge is one element of the Southern Waterfront Project described in the SEIR.

[1] A full discussion of the community concerns that have led to modifications of the Illinois Street Bridge is contained a Port staff report memorandum to the San Francisco Port Commission, dated February 6, 2002, which is incorporated by reference. This document is available for review by appointment at the Planning Department, 1660 Mission St., San Francisco, as part of case file no. 1997.377E.

PROPOSED ILLINOIS STREET BRIDGE DESIGN MODIFICATIONS

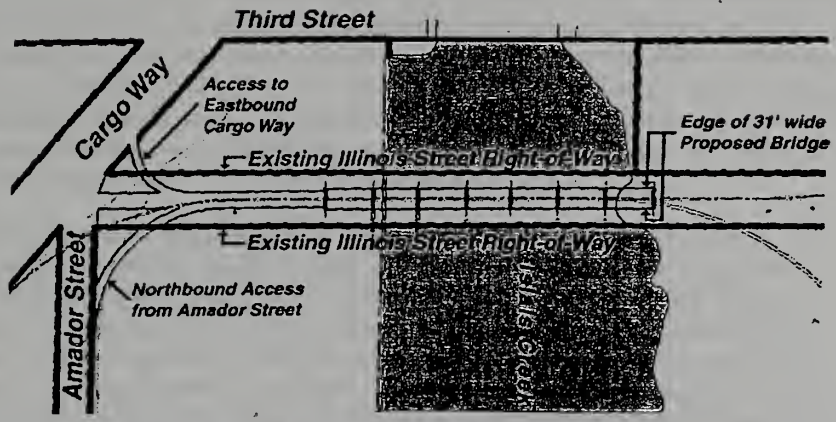
As described in detail in the SEIR, the Port proposes to construct an intermodal bridge for rail and vehicle use across the Islais Creek channel, one block east of the existing Levon Hagoop Nishkian drawbridge on Third Street. The new bridge would extend across the channel following the alignment of Illinois Street. The purpose of the proposed Illinois Street Bridge is to provide a direct freight rail route to and from the Port's Pier 80 cargo terminal. Rail service enters San Francisco from south of the Southern Waterfront area. The Pier 94-96 terminal currently has direct freight rail service from the south, via the Quint Street tracks. However, presently Pier 80 freight rail service is possible only via a circuitous route. Freight trains must travel north on rail tracks that are located west of Third Street beneath Interstate 280, travel east near 16th Street in Mission Bay to Illinois Street, and then reverse direction through Mission Bay prior to traveling south on Illinois Street. The Illinois Street Bridge, which was included in the Port's cargo terminal modernization plan in the 1980s, would eliminate this constraint by providing a direct connection over Islais Creek from rail tracks south of Islais Creek that serve Pier 94-96, to the Illinois Street rail tracks on the north side of Islais Creek. The proposed Bridge would reduce the length of the existing 3.3-mile-long rail route to 0.66 miles.

The Port now proposes to modify the original design of the Illinois Street Bridge described in the SEIR. Modifications include: 1) constructing a fully moveable mechanized mid span instead of a fixed-segment moveable span; 2) a minor shift to the east in the alignment; 3) intersection design changes for the southern Bridge approach; 4) a possible grade change in the northern approach; and 5) landscaping and public access improvements. The proposed modifications, shown in Figure 1, are explained more fully below.

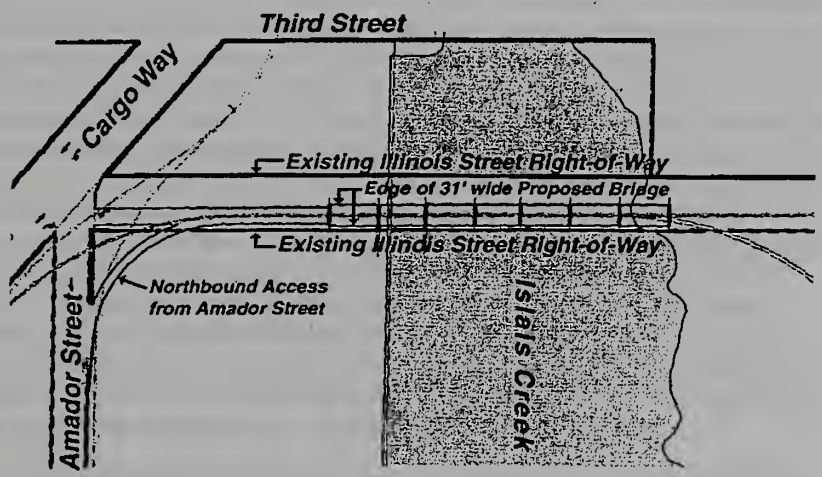
The original design of the Illinois Street Bridge, as described in the SEIR, was a "fixed-segment moveable" bridge, wherein a mid-span segment of the bridge could be lifted by a crane operating from a barge in the water to create an opening to allow large vessels access to the west end of Islais Creek. The Port now proposed to revise the Bridge design to include a fully moveable, mechanized span that can be opened for large vessel access, obviating the need for cranes and barges.

In addition, design modifications are proposed to the alignment and southern approach to the Bridge. The right-of-way for Illinois Street is 80 feet wide. The Bridge alignment, which originally was contained fully within the Illinois Street right-of-way (centerline at 40 feet from the eastern edge), is proposed to be shifted to the easternmost 31 feet of the right-of-way (centerline at 15.5 feet from the eastern edge), with an adjacent, parallel landscaped area and pedestrian path on a portion of the Pier 80 cargo facility. The moveable Bridge span and alignment modifications are proposed by the Port to respond to concerns by the public expressed at several community meetings with the Port, including those of the owner and occupants of 1800 Illinois Street, adjacent to the Bridge site.

Additionally, the Port proposes refinements to the intersection design at the southern Bridge approach, which would continue to connect with Amador Street, but would reduce the number of access points to Cargo Way from two to one. The original design proposal included a three-leg design where the Bridge



Original Illinois Street Bridge Design



Modified Illinois Street Bridge Design

Figure 1
Illinois Street Bridge
Port of San Francisco

connects with Amador and Cargo Way: 1) a leg connecting the Bridge to the west end of Amador Street where it meets Cargo Way; 2) a leg that carries northbound traffic from Amador Street and the Port's cargó facilities and tenant businesses directly onto the bridge; and 3) a leg that carries southbound traffic (and bicycles) directly onto Cargo Way. Based on meetings with the San Francisco Bicycle Coalition, the Port proposes to revise the intersection design to eliminate the southbound leg to Cargo Way due to the potential for conflicts between vehicles and bicycles. Northbound and southbound vehicle traffic would continue to have direct access to the Bridge on the remaining two legs.

The Port is also considering modifications to the design of the northern approach to the Bridge. The original proposal included the installation of a retaining wall within the Illinois Street right-of-way, to support an inclined street approach to the Bridge from the existing elevation of Illinois Street. In response to concerns from the owner and occupants of the 1800 Illinois Street building regarding the potential for the retaining wall to restrict or preclude loading by large trucks at that site, the Port is considering regrading the entire width of Illinois Street to provide a single, inclined grade to the Bridge. This would eliminate the need for the proposed retaining wall, and would replace grade-separated truck docks with at-grade truck access into the 1800 Illinois Street building. The regrading would not alter the Bridge design specifications (e.g., Bridge dimensions and clearance, bridge support engineering).

In the course of meeting with the community, and the owner and occupants of the 1800 Illinois Street building, the Port was asked to consider and analyze alternative Bridge alignments and rail configurations to shift the Bridge further east, away from Illinois Street. The easternmost realignment that was analyzed was along Michigan Street, which is parallel to and 220 feet to the east of Illinois Street. The Michigan Street alignment was analyzed with two possible rail track layouts. Ultimately, the Port did not select the Michigan Street alignment because: 1) it would have required construction of new rail tracks that would not align with the existing Illinois Street tracks, and one of the track layout options would have required Port acquisition of private property; 2) service to Pier 80 via a Michigan Street bridge alignment would have been less efficient than via the Illinois Street alignment; 3) it would increase the Bridge cost (currently estimated at $13.4 million) by an additional $2.5 million to $3.7 million (depending on track layout option); 4) it would occupy a portion of the Pier 80 terminal that otherwise is available for maritime cargo purposes; and 5) it would disrupt and possibly preclude shoreline public access improvements adjacent to Pier 80 in the proposed Muwekma Ohlone park.[2] The Port is proposing, however, to shift the Bridge's centerline alignment 24.5 feet eastward as a result of these discussions. A further shift from Illinois Street is not feasible because it would conflict with utility duct installations that MUNI is currently constructing to serve its Third Street Light Rail extension project.

Finally, the Port anticipates that the San Francisco Bay Conservation and Development Commission ("BCDC") will request that the Port incorporate public access improvements to the Bridge design to meet its permit requirements. To address BCDC permit requirements as well as public access objectives of the community, the Port's Bridge design proposal includes landscaped shoreline improvements adjacent to Pier 80; new walkway and re-landscaping of Tulare Pocket Park, located on the north side of Islais Creek

[2] Ibid, pages 5-6 and Attachment C.

between Illinois and Third Streets, consistent with requirements of the Americans with Disabilities Act; and landscaping improvements on the south side of the Creek where the Bridge connects with Amador Street and Cargo Way. The Port will refine these public access improvements as part of the BCDC permit review process.

APPROVALS REQUIRED AND CONSTRUCTION SCHEDULE

As described in the SEIR, the Illinois Street Bridge project would require approval by the Port Commission, the U.S. Coast Guard, BCDC, the Regional Water Quality Control Board, and the California Public Utilities Commission. The Port Commission is scheduled to approve and authorize commencement of the contracting process in December 2002. Construction is slated to begin in late 2003 and be completed in late 2004.

ENVIRONMENTAL ANALYSIS OF BRIDGE DESIGN AND NEW INFORMATION

Section 31.19(c)(1) of the San Francisco Administrative Code states that a modified project must be reevaluated and that, "If, on the basis of such reevaluation, the Environmental Review Officer determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefore shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter."

As described below, neither the proposed modifications to the Illinois Street Bridge design nor new information that has become available since SEIR certification and described in detail below would result in new impacts or alter the conclusions presented in the SEIR. Because the proposed design modifications are minor, the physical effects associated with construction and operation of the Illinois Street Bridge would not change with regard to land use, transportation, air quality, biological resources, water quality/hydrology, hazardous materials, or growth inducement analyses contained in the SEIR. Those mitigation measures identified in the SEIR applicable to the Illinois Street Bridge would continue to apply to the Bridge, some with modifications as described further in this EIR Addendum. Furthermore, the analysis and conclusions of the WLUP EIR with regard to noise and geology, soils, and seismicity would not change for the reasons described below.

Land Use

The SEIR found that the Illinois Street Bridge would not disrupt or divide the physical arrangement of an established community nor would it affect the existing character of the community. The proposed design modifications to the Illinois Street Bridge do not change the purpose or function of the Bridge, which is to improve vehicle and freight rail transportation access to Port facilities, and also provide a new bicycle access to cross Islais Creek. The design modifications would not change land use patterns in the area or introduce new land use impacts beyond those analyzed in the SEIR.

Transportation

The SEIR analyzes the traffic impacts generated during the morning and afternoon peak periods by all the development activities proposed on Port property in the Southern Waterfront for the years 2003 and 2015. Traffic conditions projected for 2003 were analyzed with and without the Illinois Street Bridge. The traffic analysis includes intersections adjacent to the Illinois Street Bridge at Illinois/Cesar Chavez Streets, Amador Street/Cargo Way, and Third Street/Cargo Way. In their current configuration, these intersections are projected in the SEIR to operate at unacceptable levels of service in 2003 (Third/Cargo) and in 2015 (Illinois/Cesar Chavez and Amador/Cargo). With construction by the Port of the Bridge and the associated intersection improvements at Amador and Cargo Way, the levels of service would be improved to acceptable conditions for the Third/Cargo and Amador/Cargo intersections. The Amador/Cargo intersection improvements included as part of the Illinois Street Bridge construction would implement those specified for that intersection in Mitigation Measure B.1 of the SEIR. The construction of the Bridge itself would reduce traffic volumes otherwise projected to flow through the Third/Cargo intersection, thus improving its level of service to an acceptable level. As a result, the SEIR identifies the Illinois Street Bridge as a mitigation measure in SEIR Mitigation Measure B.3.

The proposed Bridge design modifications would not alter the traffic flow patterns or mitigating improvements planned for the Amador/Cargo intersection. The eastward shift in the Bridge alignment would continue to remain within the Illinois Street right-of-way. The width and traffic-carrying capacity of the Bridge would remain the same. The proposed elimination of the connection from the south Bridge approach to Cargo Way would not change the improvements that would be made to the Amador/Cargo intersection which, consistent with SEIR Mitigation Measure B.1, would include: 1) installation of a new traffic signal; and 2) restriping to provide a left turn lane, a shared left-through lane, and a right turn lane from Amador to Cargo Way.

Although not disclosed in the SEIR, improvements to the Illinois/Cesar Chavez intersection, as called out in SEIR Mitigation Measure B.1, are already planned for implementation as part of MUNI's construction of the light rail storage and maintenance facility at the former Western Pacific site, which fronts on Illinois Street, between Cesar Chavez and 25th Streets.

Air Quality

The Southern Waterfront SEIR, Section III.C, discusses air quality in the context of construction-period impacts and operational impacts in 2003 and 2015. To address these impacts, the SEIR incorporates mitigation measures from the WLUP EIR and identifies new mitigation measures to be implemented with Southern Waterfront development activities, as described in the SEIR. These include Mitigation Measure C.5, which describes a dust/particulate abatement program to be implemented during the construction phase of Port development activities. The SEIR analysis also examines regional impacts, localized carbon monoxide and particulate matter concentrations, including diesel emissions, and cumulative impacts. The SEIR air quality analysis includes separate modeling efforts to evaluate the effects of

respirable particulates (PM-10[3]) and diesel emissions on public health in the southeast area of the City. The SEIR found that Project-generated maximum daily emissions of reactive organic gases (ROG), nitrogen dioxide (NOx), and PM-10 from all Project components combined (i.e., the proposed Southern Waterfront leases and development activity studied in the SEIR) would exceed significance thresholds established by the Bay Area Air Quality Management District (BAAQMD) of 80 pounds per day in both 2003 and 2015, and 15 tons per year for ROG and NOx in both of those years. Therefore, the SEIR Project would result in a significant effect with regard to emissions of criteria pollutants. This significant impact would occur regionally, and would not be directly reflective of local conditions in the immediate vicinity of the project. Localized emissions concentrations would not be significant. This significant regional impact cannot be reduced to a less-than-significant level because of the magnitude of the Project. Locally, cumulative carbon monoxide concentrations would be less than significant. However, cumulative concentrations of PM-10 and diesel particulate cannot be quantified because of the multitude of existing sources off Port property. Therefore, the SEIR conservatively concludes that PM-10 and diesel particulate emissions are deemed cumulatively significant, although the SEIR Project itself would not have a significant effect with regard to local PM-10 and diesel particulate concentrations.

The SEIR explains that those most sensitive to health problems generated from particulate matter emissions ("sensitive receptors") would be long-term residents, particularly young children and senior citizens. Others, including workers, would be at lower risk because they do not experience the same level of continual, long-term exposure to diesel emissions in the local environment. Given the profile of the highest at-risk population, the SEIR analyzes anticipated PM-10 and diesel emission concentrations at sensitive receptor locations such as nearby schools and playgrounds. The closest sensitive receptor downwind of the Project is Youngblood Coleman Playground.

No substantial change in the existing air quality environment and circumstances has occurred since certification of the SEIR. However, since that time, concerns were expressed by tenants at 1800 Illinois Street regarding potential health risks associated with particulate matter emissions generated by vehicles traveling over the Illinois Street Bridge. To address these concerns, the Port conducted additional analysis of PM-10 and diesel emissions caused by traffic in the immediate vicinity of the Bridge.[4] The results of this analysis are summarized below.

As the prevailing wind direction in the area is from the west, particulate matter emissions from vehicles traveling over the Illinois Bridge would under most circumstances be transported out over the Bay and away from the building. However, the airflow patterns immediately surrounding the 1800 Illinois Street building could be modified by the structure itself, creating a wind tunnel effect that could cause re-circulation of some of the air near the building. Specialized modeling techniques were used to simulate the complex air flow patterns around buildings to assess the impacts at the 1800 Illinois Street building

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[3] PM-10 is particulate matter with a diameter of less than 10 microns.

[4] Environmental Science Associates, Technical memorandum "Air Quality Impacts at Warehouse on Illinois Street, from Bob Vranka to Diane Oshima, December 12, 2002. This document is available for review by appointment at the Planning Department, 1660 Mission St., San Francisco, as part of case file no. 1997.377E.

near the emission sources. Additional modeling was then conducted to determine health risk levels from diesel exhaust and road dust based on assumed exposure duration at the 1800 Illinois Street building.

Diesel particulate matter is a suspected carcinogen, and thus the focus for the diesel analysis is the long-term average (chronic) exposure to exhaust fumes, which is the condition under which humans may develop cancer from diesel particulates. Epidemiological studies have defined these exposure factors to be 24 hours a day, for 70 years, which assumptions are included in the SEIR analysis. Typically, workers would not remain in one location for this duration and thus would not experience these exposure levels. For example, an employee who works 40 hours a week for 40 years and is not exposed to diesel particulates during off-work hours would have an 86% lower risk than the long-term resident profiled in the analysis. However, the additional analysis conducted to assess effects on 1800 Illinois Street used the conservative exposure assumptions and concluded that the risk for developing cancer from exposure to diesel particulates falls below the significance threshold of 10 potential new cases of cancer in 1 million. The analysis assumes the number of vehicles projected in the SEIR to cross the bridge, which has not changed. The incremental risk for developing cancer based on this analysis is 4.5 cases in 1 million. This conclusion is very conservative not only for the reasons stated above, but also because the health risk from diesel emissions for workers inside the building would be much lower. People inside the building would be protected from 70 percent of the diesel emissions risk with their doors and windows open, and 90 percent of the diesel emission risk with their doors and windows closed..

The dust analysis of non-diesel particulates (PM-10) was also conducted to assess the potential health affects of exposure to entrainment of road dust and from tire and brake wear in the 1800 Illinois Street area. Exposure to high levels of these fine particulates can cause health impacts on upper respiratory functions. The exposure thresholds for PM-10 are different than those for diesel particulates, and thus the additional air quality analysis assesses whether short- or long-term significance thresholds for particulate matter established by the BAAQMD would be exceeded. The calculated short-term (daily) and long-term (annual) concentrations of 0.5 and 0.2 micrograms per cubic meter are much lower than the significance thresholds of 5.0 micrograms per cubic meter (24-hour average) and 1.0 micrograms per cubic meter (annual average). This new information does not change any of the conclusions regarding air quality impacts in the certified SEIR.

Biological Resources

The SEIR found no significant impacts to biological resources other than the potential short-term impact on the spawning season of the Pacific herring fishery during Bridge construction. A mitigation measure originally identified in the WLUP EIR to avoid in-water construction activities during the December to February spawning season would eliminate this impact, and would be implemented as part of the construction of the Illinois Street Bridge. The proposed Bridge design modifications would not alter the SEIR analysis because there would be no change in the Bridge size, foundation, or construction approach from those associated with the original Bridge design. The proposed 24.5-foot eastward shift in the Bridge alignment would be a minor distance, and the revised location within the Creek would not have

any different biological characteristics than those described in the SEIR. Therefore, there would be no change in the impacts or mitigation measures identified.

Since certification of the SEIR, a biological inventory of the Islais Creek channel was prepared to support development of the proposed Muwekma Ohlone Park. In addition, an incident occurred during the construction of the MUNI duct bank that damaged existing vegetation in the vicinity of the proposed park. This Addendum discusses whether the Project would cause any significant effects on biological resources not previously considered in the SEIR in light of the new inventory or the MUNI incident.

Islais Creek Biological Inventory

In 2001, an *Islais Creek Biological Inventory* was conducted as part of a site restoration and analysis for the proposed Muwekma Ohlone Sanctuary, which evaluates the Islais Creek channel for its potential for habitat restoration and environmental education. The inventory report was prepared from surveys conducted from April to May 2001 with survey boundaries from the edge of the low tide zone to the fence line surrounding the proposed Muwekma Ohlone Park (Nelson, 2001)[5]. The inventory was prepared to provide representation of common taxa and species that occur within Islais Creek near the park site.

The *Islais Creek Biological Inventory* demonstrates that the biodiversity found in the Islais Creek channel is typical for protected coves surrounding the San Francisco Bay. Identified species include common species of plants, birds, insects, and invertebrates. The inventory also indicates that the native oyster, *Ostrea lurida*, is found along the intertidal zone of the creek. This native oyster was once abundant in many estuaries along the West Coast; however, loss of habitat, over-harvesting, and degraded water quality almost completely depleted the Bay's native oyster population. Once thought to be extirpated from the San Francisco Bay, remnant populations were discovered in 1999. While *Ostrea lurida* is not on any Federal or State list of endangered or threatened species, or species of concern, a collaborative effort led by Save the Bay, a non-profit organization, has been underway to restore native oyster populations. The information contained in the *Islais Creek Biological Inventory* does not alter impact findings in the SEIR or require modifications to mitigation measures provided in the SEIR. The SEIR finds that the Bridge would have minor effects on the environment of Islais Creek , but these would not be significant because the existing habitat is generally of degraded quality and only a small area would be affected by Bridge construction. These conclusions are not altered by the information in the *Islais Creek Biological Inventory*.

MUNI Duct Bank Incident

In November 2001, subsequent to certification of the SEIR, an underground force main carrying secondary-treated sewage effluent was ruptured, adjacent to the Pier 80 terminal and the proposed Illinois

5 Nelson, Kellyx and Jack Laws. 2001 *Education, Restoration, and Recreation at the Muwekma Ohlone Sanctuary.* http://www.islaiscreek.org/IslaisCreekHabitatStudies.html

Street Bridge site, and within the proposed Muwekma Ohlone Park area, on the north side of Islais Creek. The rupture occurred during the installation by contractors hired by MUNI of a duct bank to carry power lines under Islais Creek necessary for the MUNI Third Street Light Rail project. The rupture resulted in the release of treated effluent, which damaged existing vegetation along the proposed Muwekma Ohlone Park shoreline, and undermined a portion of the Pier 80 terminal deck. MUNI and its contractors are taking the lead in working with the Port, the San Francisco Public Utilities Commission (SFPUC), which manages the City's sewage system, and the proponents of the proposed Muwekma Ohlone Park, to restore the area to pre-existing conditions. An assessment of the biological resources and vegetation restoration within the proposed Muwekma Ohlone Park site is included in this effort.

The process in place by MUNI to rectify the issues with the local community regarding the park restoration does not result in any change in the conclusions presented in the SEIR concerning biological resources. However, in light of the sewer line rupture incident, the Port has actively coordinated the design effort for the Illinois Street Bridge with the SFPUC to ensure that a similar incident does not occur during construction of the Illinois Street Bridge. Based on this coordination, concept design drawings and specifications for the Illinois Street Bridge now reflect the following measures: 1) design of the Bridge to completely span over the force main to eliminate any load from the Bridge on the existing sewer line; 2) use of light-weight cover fill over the force main to reduce potential overburden loads; and 3) additional consultation with a geotechnical engineer to evaluate fill loads over the force main, and to ensure that pile-driving activity would not result in liquefaction or otherwise negatively impact the force main.

Water Quality/Hydrology

The SEIR analyzes impacts of proposed leases and other Port development activities on water quality and hydrology. The issue of concern is stormwater runoff impacts during construction and subsequent operation of the new uses, because a substantial amount of land area (approximately 125 acres) in the Southern Waterfront is assumed to become covered with impervious surfaces. The SEIR analysis assumes no infrastructure or other treatment of the increased stormwater runoff before entering the Bay, and thus concludes there would be a significant effect on water quality. The projected wastewater volume generated by the Project was determined to be less than significant. The SEIR includes mitigation measures that would reduce construction-period and operational stormwater runoff impacts to an insignificant level. Although the SEIR does not identify significant water quality effects from the Illinois Street Bridge, the SEIR mitigation measures for stormwater runoff would be carried out during construction and operation of the Bridge. The proposed Bridge design modifications would not result in any change in impacts from the original design, because the Bridge dimensions and foundation and construction plans would remain the same. Since SEIR certification, the Regional Water Quality Control Board has revised its General Permit requirements, which are reflected in modifications to the SEIR mitigation measures to be applied to the Bridge, as described below under Mitigation Measures. The implementation of these mitigation measures, as revised, would ensure that the Illinois Street Bridge would not result in significant impacts on water quality or hydrology.

Noise

The Southern Waterfront SEIR does not supplement the noise impacts analysis in the WLUP EIR because noise impacts from the developments analyzed in the SEIR were determined to be consistent with the analysis in the WLUP EIR. Noise impacts of the WLUP are discussed in the EIR, Section V.E, which concludes that no significant noise impacts would result from the Plan. However, in response to community concerns since certification of the SEIR, further noise analysis was conducted to determine whether the proposed Bridge could potentially result in significant impacts that were not identified in the WLUP EIR. The results of this analysis are summarized below for both construction- and operation-related impacts.

Construction Noise Impacts

As described in the WLUP EIR, construction noise impacts on sensitive receptors would be limited in the Southern Waterfront subarea. The additional analysis conducted determined that two open space areas, Warm Water Cove and open space along Islais Creek, are the nearest noise-sensitive uses that could potentially be affected by construction of the Bridge. Other noise-sensitive uses are more distant: residences in the Dogpatch neighborhood on Tennessee Street between 18th and 23rd Streets; along Third and Illinois Streets, north of 20th Street in Potrero Hill; and on Hunters Point Boulevard and Hawes Street in Bayview Hunters Point. Typical construction noise levels that would occur during the various work phases associated with Bridge construction are shown below in Table 1.

Pile-driving construction activity would generate the highest noise levels, i.e., 90 to 105 dBA[6] at 50 feet. Noise from construction activity generally attenuates (decreases) at a rate of 6 to 7.5 dBA per doubling of

TABLE 1

TYPICAL COMMERCIAL CONSTRUCTION NOISE LEVELS

Construction Phase	Noise Level at 50 Feet (dBA, L_{eq})[a]
Ground Clearing	84
Excavation	89
Foundations	78
Erection	85
Pile Driving	90-105

a Estimates correspond to a distance of 50 feet from the noisiest piece of equipment associated with a given phase and 200 feet from the other equipment associated with that phase.

SOURCE: U.S. Environmental Protection Agency, *Noise from Construction Equipment and Operations, Building Equipment, and Home Appliances*, December 1971.

[6] "dBA," or A-weighted decibel, refers to a scale of noise measurement that approximates the range of sensitivity of the human ear to sounds of different frequencies. L_{eq} is the average A-weighted sound level measured over a given time interval.

distance from the source. Conservatively assuming an attenuation of 6 dBA per doubling of distance, construction noise during pile driving would attenuate to noise levels of 84 to 99 dBA at 100 feet. As reported in the WLUP EIR, land uses located within approximately 1,600 feet of pile-driving activity, primarily commercial and industrial businesses, could be affected, depending on the presence of intervening barriers or other insulating materials. As construction activities are planned to occur during daytime hours, construction noise would be disruptive.[8] At noise levels of 85 dBA, normal conversation is extremely difficult and sleep is impossible for most people. Intermittent noises such as pile-driving noise are more disturbing to many people than typical construction noise. During the nighttime, construction-related noise would be more noticeable (since background noise is lower) given the more sensitive nature of the nighttime period. Construction noise would be temporary and intermittent throughout the construction period. These findings are consistent with those from the WLUP EIR.

The Port is pursuing construction methods for the Illinois Street Bridge that would reduce noise impacts of pile driving through vibration-based installation of hollow steel casing piles. However, before determining this method to be feasible, further geotechnical analysis will be required to ensure that such vibration-based installation would not create liquefaction of Bay mud. While the WLUP EIR concludes that no significant impacts would result from noise associated with the WLUP, the EIR identifies certain measures that could be taken to minimize less than significant impacts. These measures, called Improvement Measures, include the following, which would be implemented during construction of the Illinois Street Bridge: 1) Limiting noisy construction activities to the least noise-sensitive times of day and week, if feasible (e.g. 7:00 am to 6:00 pm, Monday to Friday); and 2) Notifying and meeting with neighbors regarding dates and time of noisy construction activity (i.e., pile driving).

Operational Noise Impacts

As described in the SEIR, construction of the Illinois Street Bridge would divert truck traffic from Third Street. Consequently, the Bridge would reduce traffic-related noise levels along the heavily traveled Third Street corridor. Noise levels at intersections along Illinois Street would increase due to increased truck and rail traffic, but the increase would not be significant given the industrial land use character of the area.

Subsequent to certification of the SEIR, a noise analysis was conducted for 16 different street segments, based on the projected traffic volumes analyzed in the SEIR, which have not changed.[9] The analysis included noise measurements and projections for Third Street, Illinois Street, and Cesar Chavez in the vicinity of the Illinois Street Bridge. Existing noise levels during the afternoon commute period for these areas range from 42 to 46 dBA along Illinois Street to 72 dBA along Third Street. By year 2015, when the SEIR assumes all Project development is completed, the projected noise levels would be 60 to 67dBA

7 Harns, Cyril, Handbook of Noise Control, 1979.

8 Ibid.

9 Traffic Noise Analysis for Port Southern Waterfront Development, prepared by Environmental Science Associates, December 3, 2002.

along Illinois Street near Cesar Chavez, and up to 73 dBA along Third Street. While there would be a perceptible increase in noise levels in some locations – particularly at Cesar Chavez and Illinois Streets – the projected noise levels would be consistent with existing noise levels in this industrial and commercial area of the City, as well as projected noise levels as described in the WLUP EIR. For these reasons, there would not be any significant vehicle traffic-related noise impacts.

Existing freight rail activity is low, averaging one train per day and, in addition to more frequent daily commute rail activity, is part of the ambient noise environment in the area. Increases in train activity resulting from construction of the Illinois Street Bridge are difficult to predict, but would be limited in number, and would not be expected to result in a change in the ambient noise environment. The main change is that the area affected by train-related noise would decrease from that surrounding the existing 3.3-mile-long route to the area around the proposed 0.7-mile-long route. These operational noise levels are consistent with the noise and analysis in the WLUP EIR, and do not constitute significant operational noise impacts.

Hazardous Materials

The SEIR analyzes hazardous materials impacts that may result from: 1) accidental release of hazardous materials from above-ground storage facilities, 2) exposure to hazardous materials in soils during excavation, 3) release of chemicals from construction equipment, and 4) exposure to hazardous building materials. The construction of the Illinois Street Bridge would have the potential to include Items 2 and 3. The SEIR describes that existing laws would mitigate these impacts to an insignificant level through preparation of a Spill Prevention, Control and Countermeasure Plan as well as a Storm Water Pollution Prevention Plan, and compliance with Article 22A (the "Maher Ordinance"), which mitigates hazardous soil conditions. These measures are described below under the Mitigation Measures section and would be implemented as part of the construction of the Illinois Street Bridge.

Geology, Soils, and Seismicity

The WLUP EIR includes analysis of geology, soils, and seismicity impacts and identification of mitigation measures, which did not require any change in the SEIR. The SEIR does include those WLUP EIR mitigation measures applicable to the geological impacts associated with the various development activities studied in the SEIR. Those measures applicable to the Illinois Street Bridge are described below under the Mitigation Measures section, and would be implemented during Bridge construction.

Growth Inducement

The Southern Waterfront SEIR analyzes whether the development proposals in the SEIR would be Growth Inducing (Section III.G of the SEIR). During the course of public meetings on the proposed Illinois Street Bridge subsequent to certification of the SEIR, questions were raised as to whether construction of the Bridge would induce further growth in the waterfront area that should be analyzed in the SEIR. The SEIR analysis already reflects conservative, high-end levels of potential future development in the Southern Waterfront area, on and off Port property, based on existing and proposed

plans and construction projects. The developments assumed in the SEIR cumulative analysis consist of the following:

Developments on Port Property: 1) Industry Group lease proposals; 2) Growth in cargo and Port maritime uses; 3) Development of the Pier 70 Mixed Use Opportunity Area; 4) Increased industrial development in remainder of Pier 70 (outside the Mixed Use Opportunity Area); and 5) Pier 90-94 Backlands potential development.

Developments off Port Property: 1) Expansion of the Southern Energy Power Plant on Illinois Street; 2) MUNI Metro Third Street Light Rail line and accompanying MUNI Metro East maintenance and storage facility and turnaround loop at 18th and Illinois Streets; 3) Growth as approved under the Mission Bay project; 4) Growth as approved under the Hunters Point Shipyard Redevelopment Plan; and 5) Growth as projected under the Bayview Hunters Point Community Revitalization Concept Plan.

Given the breadth of projects and growth associated with the above activities analyzed in the SEIR, there are no other foreseeable development projects known that might be triggered by the construction of the Illinois Bridge. Public discussions have taken place between the SFPUC and the community regarding a possible new sewage digester facility in the Bayview Hunters Point area, although no formal proposals are currently being pursued. In any case, such a facility, if proposed, would not be affected by the Illinois Street Bridge. It is development of Port property that would most likely result from construction of the proposed Bridge. Although the degree cannot be identified with certainty, the SEIR finds that the Illinois Street Bridge would not have any meaningful growth-inducing impacts. Regardless of whether the Bridge would induce growth, any such growth is reflected in the SEIR impact analysis. The Port development assumptions in the SEIR already reflect a high-end estimate of future growth. Therefore the SEIR provides a sound and conservative analysis of cumulative impacts, which adequately cover growth-inducing impacts, if any, of the proposed Illinois Street Bridge, and no further analysis is required.

MITIGATION MEASURES

This section identifies those SEIR mitigation measures that are applicable to the Illinois Street Bridge and which would be implemented upon construction of the Bridge. Those mitigation measures that would be implemented as described and presented in the SEIR are listed below in summary form. Other mitigation measures would be implemented as modified to incorporate more details and information that is specific to the Illinois Street Bridge, since several of the SEIR measures are fairly general because they apply to development activities on Port property other than the Bridge. Where mitigation measures have been modified, the modified text is presented in full below, with additions shown in underline and deletions indicated in ~~strikethrough~~.

Transportation

B.1 This measure describes improvements for specific intersections to improve year 2015 levels of service to acceptable standards, including the Amador Street/Cargo Way intersection. The

improvements to this intersection would be implemented in the construction of the Illinois Street Bridge.

B.3 This measure recognizes the mitigative effects of Illinois Street Bridge.

B.4 This measure requires the Port to comply with requests from the Major Environmental Analysis section of the Planning Department to analyze intersection levels of service that may reasonably be expected to be affected by future Port development projects, and identify and implement appropriate mitigation measures.

Air Quality

C.5 This measure describes dust abatement efforts to be carried out during the construction phase.

Water Quality & Hydrology

D.1 This measure has been modified to incorporate more details specific to the Illinois Street Bridge and current water quality standards that have developed since SEIR certification.

For construction sites of greater than one acre ~~less than five acres~~ of disturbed area, the contractors shall be required to file a Notice of Intent under the state-wide General Permit for Storm Water Discharges Associated with Construction Activity, and prepare and implement a Storm Water Pollution Prevention Plan (SWPPP) ~~, similar to that required under the statewide General Permit for Storm Water Discharges Associated with Construction Activity~~. The SWPPP shall include site-specific information to identify and evaluate sources of pollutants associated with industrial activities and to identify and implement site-specific best management practices to reduce or prevent pollutants associated with industrial activities in stormwater discharges. Best management practices may be non-structural (e.g., activity schedules, maintenance procedures, prohibitions of practices) or structural (e.g., treatment measures, runoff controls, overhead coverage). Elements of the SWPPP shall include the following:

- *Measures for erosion and sediment controls,*
- *Methods for construction waste handling and disposal, and*
- *Post-construction erosion and sediment control requirements.*

To mitigate potential impacts to water quality during pile-driving activities involved in construction of the Illinois Street Bridge, the Port shall implement standard silt/turbidity curtain techniques to control the amount of clouding and silt migration that is caused by construction. The purpose of a silt/turbidity curtain is to prevent the flow and/or washing of disturbed debris in a water source; in essence, a turbidity curtain is a floating silt fence. Silt/turbidity curtains are generally made of woven geotextile fabric attached to a foam flotation top piece and are used in lakes, ponds, rivers, and oceans when shoreline construction generates silt and related debris. The floating barrier prevents contamination of adjacent waters, containing the silt to a small, defined area. Additionally, turbidity monitoring shall be conducted in the vicinity of pile-driving activities related to bridge installation to ensure turbidity levels do not exceed limits set forth by the Regional Water Quality Control Board.

D.3 This measure requires treatment of stormwater that does not drain into the City's combined sewer system.

D.4 This measure has been modified to reflect the Phase II General Permit, which was approved subsequent to certification of the SEIR.

Sponsors of individual project components, including members of the Industry Group, shall be required to implement appropriate Best Management Practices for stormwater pollution prevention throughout the life of each lease and shall be required to monitor stormwater quality in accordance with the requirement of the statewide General Permit for Discharge of Industrial Stormwater. In the specific case of the Illinois Street Bridge, maintenance of project structures and appurtenances shall be performed in accordance with requirements of the Phase II General Permit for Storm Water Discharges from Small Municipal Sewer Systems (Phase II Permit). The Port shall include design specifications for storm water catchments along the edges of the bridge that direct runoff through Continuous Deflective Separation (CDS) units for treatment (including removal of petroleum hydrocarbons) prior to being discharged into Islais Creek. The CDS units shall treat runoff from most of the Bridge and its approaches, while only a small volume associated with the navigation span is expected to discharge directly to the Bay.

D.5 This measure requires water quality monitoring during construction of facilities in or adjacent to the Bay.

Hazardous Materials

E.2a This measure requires compliance with the Article 22A, which sets forth the City's requirements for a Site Mitigation Report to mitigate hazardous materials in soil. This measure would be implemented during construction of the Illinois Street Bridge.

E.2b This measure would be implemented, as modified below, during construction of the Illinois Street Bridge. The modification to allow moveable barriers instead of a fence is to enable pedestrian and vehicle access to be maintained to businesses in the 1800 Illinois Street building.

For all projects where subsurface contamination is identified, the project sponsor would ensure that from the time that ground surfaces are exposed until the time that all remedial activities have been completed, a ~~fence~~ movable barrier is erected around the area where chemicals have been identified in the soil and site access is restricted to necessary personnel, and employees and visitors that need to access the 1800 Illinois Street building.

Dust control measures applicable for air quality impacts would also minimize the potential public health impact associated with dust emissions and air quality pollutants. (See also Air Quality Mitigation Measures.)

Biological Resources

F.1a This measure limits dredging and in-water construction of the Illinois Street Bridge to between March 1 and November 30 to avoid impacting the Pacific herring fishery.

Geology, Soils & Seismicity

G.1 This measure requires geotechnical investigation of the Illinois Street Bridge.

G.10 This measure requires the Port to incorporate earthquake engineering measures into the Illinois Street Bridge construction that reduce the potential for loss of life-line services.

G.14, G.15, G.16, G.17 These measures require certain processes and actions to mitigate dewatering and lateral deforming soils, which shall be implemented if those conditions are present.

G.18, G.19 These measures require noticing of property owners within 200 feet if any pile driving or dewatering would be performed during the construction period. Because the Illinois Street Bridge would involve pile driving and potentially involve dewatering, these measures would apply.

CONCLUSION

As explained above, this Addendum to the SEIR is produced to describe modifications to the proposed Illinois Street Bridge and new analyses prepared in response to community concerns. In addition, this Addendum reports other new information that has become available since certification of the SEIR.

The new information does not result in identification of new or substantially different feasible mitigation measures than those already described in the SEIR. Based on the above analysis and discussion, no important revisions are needed in the San Francisco Southern Waterfront SEIR because no new significant impacts would result from the revised project; there are no changes in circumstances in the project area, and no new information has come to light that would indicate the potential for new significant impacts not discussed in the SEIR. Therefore, no further evaluation is required pursuant to San Francisco Administrative Code Section 31.19(c), and no additional Supplemental or Subsequent EIR is needed pursuant to State CEQA Guidelines Sections 15162 and 15163.

EXHIBIT C

FINDINGS OF THE PORT COMMISSION
APPROVING THE ILLINOIS STREET VEHICLE/RAIL BRIDGE
CROSSING ISLAIS CREEK

I. INTRODUCTION

The following findings are hereby adopted by the Port Commission pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code.

These findings are adopted, and incorporated by reference, in the Port Commission Resolution 02-61, dated December 17, 2002, approving the Illinois Street Vehicle and Rail Bridge, crossing Islais Creek between Piers 80 and 90, to be constructed by the Port of San Francisco ("Illinois Street Bridge").

These findings are based on the Port of San Francisco Southern Waterfront Final Supplemental Environmental Impact Report (SEIR), certified February 15, 2001. The SEIR provides a comprehensive evaluation of impacts of development in the Southern Waterfront area of the Port. The Project evaluated in the SEIR contains a number of components, including specific industrial leases, Port infrastructure projects and a development program of other potential activities on Port property. The Illinois Street Bridge is one of the components of the Project evaluated in the SEIR. The SEIR supplements the Waterfront Land Use Plan Final Environmental Impact Report, certified January 9, 1997.

Article II is the Description of the Record.

Article III describes the Project analyzed in the SEIR generally and the Illinois Street Bridge component in detail. Article III also describes the Waterfront Land Use Plan Final Environmental Impact Report (EIR), Southern Waterfront Final Supplemental EIR (SEIR), and Addendum to the SEIR which addresses refinements in the Illinois Street Bridge and new information that became available subsequent to certification of the SEIR.

Article IV sets forth findings as to the disposition of each of the mitigation measures proposed in the SEIR that are applicable to the Illinois Street Bridge and identifies those mitigation measures that are inapplicable.

Article V of this document sets forth the basis for the approval of the Illinois Street Bridge .

II. DESCRIPTION OF THE RECORD

Findings are based on substantial evidence contained in the record before the Port Commission. For ease and clarity of reading, specific citations to information in the record upon which each finding is based may have been omitted. In all instances, however, these findings are based on the information contained in the SEIR, as supplemented with information provided by the applicant, consultants, and interested parties, and reasonable inferences drawn from such information, identified below, and an Addendum to the SEIR, dated December 10, 2002, which addresses new refinements in the Illinois Street Bridge and new information that became available subsequent to the Final SEIR. Much of this information was cited in the SEIR; all of this information has been and will continue to be available for public review at the offices of the San Francisco Planning Department and/or the Port of San Francisco.

For purposes of CEQA and these Findings, the record before this Commission includes, without limitation, the following:

A. All staff reports, consultant studies and supporting documents for the Illinois Street Bridge prepared by or contracted for by the Port of San Francisco;

B. The Waterfront Land Use Plan Final EIR;

C. The SEIR, including the Draft SEIR, comments received on the Draft SEIR, Responses to Comments, staff initiated text changes to the SEIR, and all appendices;

D. The Addendum to the Final SEIR, dated December 10, 2002;

E. The Mitigation Monitoring Program for the Project:

F. All meeting agendas, minutes and reports to the Southern Waterfront Advisory Committee and interested community in the Illinois Street Bridge, Port Commission, or other Boards and Commissions; and attachments, references and material kept in the ordinary course of business associated with the public planning process;

G. All relevant staff, and public reports and memoranda kept in the ordinary course of business providing substantial evidence to support these findings, and the SEIR, including attachments, appendices and references kept in the ordinary course of business;

H. All public notices, including but not limited to agendas of public meetings when status reports and/or written staff reports for the Illinois Street Bridge were presented, notices of preparation of the SEIR, publication of the Draft SEIR, and notices of community meetings and public hearing notices for the SEIR.

III. PROJECT DESCRIPTION

Project Analyzed in the SEIR

In January 1997, the San Francisco Planning Commission certified the Waterfront Land Use Plan Final EIR (WLUP EIR), a Program EIR that analyzed a full range of uses on Port property. Included in the WLUP EIR was an analysis of projected uses in the Southern Waterfront area between Piers 70 to India Basin. In 1999, several businesses proposed new leases for use of Port Southern Waterfront property and the Port proposed to construct the Illinois Street Bridge. In addition, the Port foresaw increases in cargo shipping and the potential for additional development in certain areas of the Southern Waterfront. The Major Environmental Assessments division (MEA) of the San Francisco Planning Department determined that these proposed activities could have potential significant physical environmental effects that were not fully analyzed in the WLUP EIR, and thus required supplemental environmental review. The Project described in the Southern Waterfront SEIR includes all of these development activities and supplements the environmental analysis in the WLUP EIR for the Southern Waterfront area. The Illinois Street Bridge is one element of the Southern Waterfront Project described in the SEIR.

The Project analyzed in the SEIR consists of the following activities (See SEIR pp. 1-24, and particularly Table 1 on pp. 6-7):

Industry Group

- Bode Gravel Company/Mission Valley Rock - proposed concrete ready-mix plant and asphalt batch plant at Pier 92
- RMC Lonestar (now RMC Pacific)– proposed concrete ready-mix plant at Pier 80
- British Pacific Aggregates/Hanson Aggregates – aggregate bulk imports, and potential concrete ready-mix and asphalt plants at Pier 94
- ISG Resources – proposed import, storage and transloading of fly ash in the Pier 90 former grain silos and adjacent dock
- Coach USA – proposed tour bus maintenance and repair facility at Pier 96
- Waste Management Inc. – proposed construction debris recycling facility at Pier 70

Illinois Rail and Vehicle Bridge

– Port's proposed connection between the Port's North and South Marine Terminals across Islais Creek

Future Port Development

- Dredged Materials Storage Operations – storage and transshipment of Bay mud removed during Port maintenance dredging of its terminal berths

- Increased cargo shipping activity at the North and South Marine Terminals
- Potential, new development (though there are no actual proposals) on other Port Southern Waterfront property, including Pier 70 Development Opportunity Site, other industrial uses in the remaining Pier 70 area, and the Pier 90-94 Backlands

As indicated above, the Illinois Bridge is one of the activities described in the SEIR.

The Illinois Street Vehicle/Rail Bridge ("Illinois Street Bridge")

The Port of San Francisco began planning the Illinois Street Bridge in the mid-1980's as part of its efforts to improve the North and South Cargo Terminals on Piers 80, and 94-96. Recognizing that efficient transportation access by train and truck is essential to successfully marketing and operating terminals, the Port proposed that the Bridge extend Illinois Street over Islais Creek to provide an efficient intra-terminal connection. At that time, the Port also recognized that such a Bridge would reduce traffic on Third Street, particularly at Cargo Way, which today is considered to be even more desirable because Third and Cargo Way have been identified as an important gateway to Bayview Hunters Point.

Port engineering staff have carried out substantial engineering, design and cost estimate studies to develop a conceptual design for the Illinois Street Rail/Vehicle Bridge. The proposed Bridge will be approximately 31 feet wide, providing two lanes for vehicle traffic, and a single freight railroad track running down the center of the bridge. Vehicle traffic on the Bridge will be temporarily cleared when freight trains are crossing the Bridge. Vehicle traffic will be able to travel from Illinois Street on the north side of Islais Creek to a new roadway constructed on Port property on the south side of the Creek, which will connect with existing Amador Way and Cargo Way. The Bridge lanes would be open to bicycles, however there are no pedestrian sidewalks proposed on the Bridge at this time.

Due to extensive fundraising efforts and bridge design research, the Port has found that there are possible bridge designs that are fully moveable, that is, they can be mechanically opened to provide full vessel access westward along Islais Creek. In its closed position, the Bridge will maintain a clearance equal to that provided by the Levon Hagoop Nishkian Drawbridge on Third Street, located immediately to the west. The most restrictive clearance would be five feet above mean high water level, still sufficient to allow kayaks, outrigger canoes and other hand-powered craft to pass with the Bridge closed. The estimated cost of the Bridge is $13.6 million. The specific bridge design and cost will be determined in a competitive Design/Building bid process.

The Bridge will require permits from BCDC, the U.S. Coast Guard, Regional Water Quality Control Board, and California State Public Utilities Commission.

Illinois Street Bridge Purpose. The Port has invested over $50 million in the development and maintenance of the North and South Marine Terminals at Pier 80 and Pier 94-96. Fundamental to any modern terminal is the need to provide freight rail and truck access to allow goods to be shipped through as quickly as possible. While these Port terminals are fully-serviced, able to accommodate container and non-containerized cargo, and thus

marketable to a wide variety of customers, Pier 80 does not have optimal freight rail access. The Pier 94-96 terminal enjoys direct freight rail service from the south, via the Quint Street lead. However, currently, freight rail service to Pier 80 is possible only via a circuitous route that requires freight trains to travel north into Mission Bay before they can access tracks on Illinois Street and reverse south to Pier 80. The Illinois Street Rail/Vehicle Bridge, included in the Port's cargo terminal modernization plan in the 1980's, cures this constraint by providing a direct connection over Islais Creek from rail tracks serving Pier 94-96 to the Illinois Street rail tracks on the north side of Islais Creek. From there, freight trains would be able to directly access Pier 80, resulting in a much shorter, quicker and cheaper route than the existing Mission Bay route.

The Bridge would substantially reduce the distance of the rail route to reach Pier 80 from the current alignment. With the Bridge, the distance between the Quint Street lead and Pier 80 would be 0.66 miles, versus 3.3 miles along the existing route through Mission Bay. The shorter rail route will take far less time, since there will be fewer street grade crossings and less reliance on the street right of way. Traffic hazards and conflicts between railcars, automobiles, bicycles and pedestrians will also be reduced, thus increasing operational safety and efficiency.

In addition to improving access to Pier 80, the Bridge will improve the efficiency between the North and South Cargo Terminals. The rail distance between the Terminals will be reduced from approximately four miles to approximately 0.2 miles. The Bridge will provide a direct rail link between Pier 80 and the Intermodal Container Transfer Facility (ICTF, a freight rail yard that allows cargo to be transferred between ships and rail without leaving the terminal) along Cargo Way. In addition, trucks and vehicles using the Bridge between the terminals and to Cesar Chavez Avenue will relieve and distribute traffic otherwise destined for Third Street and Cesar Chavez via Cargo Way.

Southern Waterfront Supplemental Environmental Impact Report (SEIR)

The SEIR supplements the analysis in the WLUP EIR for the Southern Waterfront area by updating the analysis of specific topic areas of all anticipated future development in the Southern Waterfront area of the Port. The analysis in the SEIR is at a project-level of detail with the exception of the future potential development by the Port at Pier 70 and Piers 90-94, which is analyzed at a programmatic level of detail. The SEIR contains a focussed analysis of the following impact topics: Land Use, Transportation, Air Quality, Hydrology and Water Quality, Hazardous Materials, Biological Resources, and Growth Inducement. Effects of the Southern Waterfront activities for topics other than those iterated above are not expected to differ from those analyzed in the WLUP EIR.

SEIR Analysis Timeframe. The broad array of activities included in the Project would occur at varying points in time. The proposed Industry Group leases were presumed to occur as soon as the Port and prospective tenants could negotiate their respective leases following certification of the SEIR. The Port's Illinois Street Bridge and Dredged Material Storage Facility components were assumed to occur as soon as the Port secured the remaining funding and/or contracting necessary to implement these infrastructure facilities. In contrast,

the projected growth in cargo, and development program assumptions for other Port properties were not assumed to occur in the near-term.

As a result, the SEIR analyzes the various activities in two different timeframes, Years 2003 and 2015. See pp. 6-7 of the SEIR for a description of the different proposed uses and assumed year in which they would be in operation. In 2003, the SEIR assumes implementation of all the Industry Group leases, and some growth in cargo and industrial activities ("Phase I") in addition to existing activities. The SEIR transportation analysis analyzed this 2003 Phase I scenario in two contexts: one without the presence of the Illinois Street Bridge and Third Street MUNI Metro light rail improvements, and one with the presence of these two transportation projects in place.

The Year 2015 timeframe assumes implementation of the Industry Group leases, the Illinois Street Bridge and MUNI Metro light rail on Third Street, more projected cargo and other industrial activity than in 2003; and potential development of the Pier 70 Opportunity Area and Pier 90-94 Backlands. (See SEIR Appendix A, p. A.1-A.5).

The SEIR analysis of the Illinois Street Bridge concluded that the addition of this new crossing over Islais Creek would mitigate significant traffic impacts at the intersections of Third Street and Cargo Way, and Amador Street and Cargo Way that would be caused by the Port future development and other increased development in the nearby area analyzed in the SEIR. Construction of the Illinois Street Bridge could have temporary significant water quality, dust, and biological impacts that would be avoided by the implementation of mitigation measures identified in the SEIR. Article IV below identifies all the mitigation measures in the SEIR, describes which ones are applicable to the Illinois Street Bridge, and addresses how they will be implemented.

SEIR Alternatives. The SEIR analyzes the following three alternatives:

A: The No Project Alternative, which entails no change to the project area. None of the Industry Group leases, Port infrastructure improvements, including the Bridge, or other Port development would be constructed.

B: Reduced Scale Alternative, which assumes the same activities as the Project, with the exception of Mission Valley Rock and British Pacific Aggregates (now Hansen) asphalt plants; Hansen concrete plant; lower projected growth in cargo shipping, and no assumed development in the Pier 90-94 backlands. The SEIR identifies Alternative B as the Environmentally Superior Alternative in accordance with Public Resources Code Section 21002 and 21081. Alternative B would result in less substantial traffic impacts and have slightly less impact on air quality than the Project. The Bridge is a component of Alternative B as it is necessary to achieve the Port's primary objective of maintaining and expanding cargo shipping, and it would help reduce traffic impacts.

C: Residential Use Future Scenario, which assumes residential uses together with mixed office/research and development space assumed in the Pier 70 Mixed Use Opportunity Area. The Bridge is a component of Alternative C for the same reasons as stated for Alternative B.

Addendum to the SEIR, December 10, 2002

On December 10, 2002, the San Francisco Planning Department issued an Addendum to the SEIR. The SEIR Addendum addresses changes that have been made to the Illinois Street Bridge, primarily to respond to community concerns and regulatory requirements and summarized below; and new information that has become available since certification of the SEIR in February 2001. Pursuant to CEQA Guidelines Section 15162, none of this new information:

1) results in the need for any major revisions to the SEIR;
2) substantially changes the circumstances under which the Project will be undertaken; nor
3) results in identification of new significant effects; increases the severity of any significant effects that are already addressed in the SEIR; or results in identification of new or substantially different feasible mitigation measures than those already described in the SEIR.

The original design of the Illinois Street Bridge, as described in the SEIR, was a "fixed – segment" bridge, wherein a mid-span segment of the bridge could be lifted by a crane operating from a barge in the water, to create an opening to allow large vessels access to the west end of Islais Creek. The Bridge design has been revised to include a fully moveable, mechanized span that can be opened for large vessel access, obviating the need for the cranes and barges. In addition, Bridge design modifications to the alignment and south approach to the Bridge have been made. The Bridge alignment, which originally was located in the middle of the Illinois Street right-of-way (centerline at 40 feet from the eastern edge) has been shifted 24.5 feet to the east such that the Bridge will occupy the easternmost 31 feet of the right-of-way. The moveable Bridge span and alignment modifications are the result of meetings between the Port and various community constituencies, including the owner and occupants of 1800 Illinois Street, adjacent to the Illinois Bridge site. In addition, the Port is considering further modifications to the design of the northern street approach to the Bridge. The original proposal included the installation of a retaining wall within the Illinois Street right-of-way, to support an inclined street approach to the Bridge from the existing elevation of Illinois Street. In response to concerns from some occupants of the 1800 Illinois building regarding the potential of the retaining wall to restrict or preclude loading by large trucks, the Port is considering regrading the entire width of Illinois Street to provide a single, inclined grade to the Bridge, which would also result in at-grade truck access into the 1800 Illinois Building. The Port also has made refinements to the intersection design at the southern Bridge approach, which would continue to connect with Amador Street, but would reduce the number of access points to Cargo Way from two to one, to improve bicycle safety. The Port also has proposed a public access program element, which will be required to obtain a BCDC permit in conjunction with the Bridge construction. As discussed in the SEIR Addendum, none of these changes alter the impacts identified and analyzed, nor the mitigation measures contained in the SEIR.

The SEIR Addendum also reviews new information that became available subsequent to the certification of the SEIR. That information, regarding a Bay biological survey in the vicinity, additional modeling of diesel emission impacts on 1800 Illinois Street, and additional noise

impact analysis does not change the circumstances under which environmental impacts were analyzed in the SEIR, nor the SEIR analysis results.

IV: MITIGATION MEASURES

The findings in this Section concern mitigation measures set forth in the SEIR, which includes a listing of the applicable mitigation measures, by topic, that were originally presented in the WLUP EIR. Please refer to the SEIR, Chapter IV, Mitigation Measures Proposed to Minimize the Potential Adverse Impacts of the Project, for the text of mitigation measures proposed. All of the mitigation measures in the SEIR have alpha numeric codes which are used to refer to the measures in these findings.

The scope of impacts analyzed in the SEIR reflect a broad range of activities, described above, generated from Port lease and infrastructure projects, as well as potential additional development that could occur on Port Southern Waterfront property or adjacent or nearby non-Port owned lands. Some of the mitigation measures have already been adopted by the Port Commission as part of prior Project approvals. Other measures apply to components of the SEIR Project other than the Illinois Street Bridge, and therefore are not applicable.

In the text of these findings, mitigation measures that are applicable to the Illinois Street Bridge, are presented below as they appear in the SEIR or with modifications as indicated, and which would be adopted by the Port Commission. Mitigation measures within the jurisdiction of other agencies are similarly referenced together with an indication of the appropriate jurisdiction. Measures rejected because they are not applicable to the Illinois Street Bridge are summarized in sufficient specificity to allow the reader to understand the rationale for the action.

The findings fall into four categories:

1) Mitigation measures adopted by the Port Commission exactly as proposed in the SEIR and which can be implemented by the Port Commission;

2) Mitigation measures adopted by the Port Commission as modified from that proposed in the SEIR, and the reasons for such modification;

3) A mitigation measure proposed in the SEIR which will be implemented or enforced by the Department of Parking and Traffic;

4) Mitigation measures proposed in the SEIR which the Port Commission rejects because they are not applicable to the Illinois Street Bridge .

A. Mitigation Measures Adopted by the Port Commission as Proposed

The following mitigation measures proposed in the SEIR are found to mitigate, reduce, or avoid significant environmental effects, and are hereby adopted.

Transportation

B.1 This measure describes improvements for specific intersections to improve year 2015 levels of service to acceptable standards, including the Amador Street/Cargo Way intersection. Measure B.1 requires the following improvements to this intersection: 1) installation of a new signal and 2) restriping lanes on Amador to provide a left turn lane onto Cargo Way; 2) a shared left-through lane to Cargo Way; and a right turn lane onto Cargo Way.

B.3 The measure recognizes the mitigative effects of the Illinois Street bridge in improving traffic level of service at the Third Street and Cargo Way intersection to an acceptable level, compared to traffic congestion conditions projected without the Bridge.

B.4 The Port shall comply with requests from Major Environmental Analysis Section of the Planning Department to analyze intersection levels of service for existing and future conditions at intersections that may reasonably be expected to be affected by each future development project, and shall identify and implement appropriate mitigation measures.

Air Quality

C.5 This measure addresses specifies practices to be carried out during construction of the Illinois Bridge to reduce dust and PM-10 concentrations, and particulates from exhaust emissions from construction equipment and vehicles.

Hydrology

D.3 As part of permit and lease requirements for future Port development projects, runoff from stormwater at new or re-developed facilities located outside of the City's combined sewer system shall be, at a minimum, subject to appropriate treatment such as on-site oil/water separators and/or sediment traps, depending on the nature of the pollutants that may be in the runoff, so that stormwater runoff is treated prior to discharge and that there is no direct, untreated discharge to the Bay or Islais Creek. Stormwater runoff from future Port development sites shall not be directed to the City's combined system, as originally contemplated in the Waterfront Plan EIR, and the volume of stormwater flows from the project area to the City's combined sewer system shall remain the same as at present, unless the increased flow to the combined system would result in no additional volume of combined sewer overflows.

D.5 Sponsors of individual project components, including members of the Industry Group, shall conduct water quality monitoring during construction of facilities on or adjacent to the Bay to minimize effects of construction activities on water quality. In order to

minimize potential for spills, construction materials or debris to enter the Bay and affect water quality, site specific construction methods and precautions, such as limiting activities on days of strong winds, could be included in the contractor's construction specifications to minimize effects on water quality. Demolition of structures with lead-based paint should include physical precautions to ensure that paint dust and chips do not enter the Bay.

Hazardous Materials

E.2 Hazardous Materials in Soil

E.2a Because the Illinois Street Bridge would be constructed bayward of the historic high tide line and would involve the excavation of at least 50 cubic yards of soil, the sponsors of those components shall ensure that the contractors comply with the requirements of Article 22A, "Analyzing the Soil for Hazardous Wastes." In accordance with the approved site mitigation report for this project component, the site would be capped with an asphalt or concrete slab and structures. Upon completion of capping, a certification report would be prepared to document construction activities and a maintenance report would be prepared specifying procedures to be followed to control exposure to the subsurface soil following construction of the proposed project. These reports would be submitted to the San Francisco Department of Public Health for review and approval to ensure regulatory compliance.

For any other Industry Group or Port-sponsored project components for which Article 22A would apply (including the Illinois Street bridge, if applicable), a site history report, soil investigation, and soil analysis report would be completed to identify potential hazardous materials at this site.

If indicated by the results of the soil investigation, the project sponsor would ensure that the contractors for each project prepare a Site Mitigation Report in compliance with Article 22A if warranted by the levels of hazardous materials identified in the soil. The plan would include measures for the handling of soil produced during excavation, to control dust and runoff during construction, and to characterize soil for off-site disposal purposes. Upon completion of construction, the project sponsor would ensure that the construction contractors prepare a certification report certifying that either (1) no hazardous wastes present in the soil present an unacceptable risk and that no mitigations are required; or (2) all mitigation measures specified in the site mitigation report have been completed and that completion of the mitigation measures has been verified through follow up sampling and analysis, if required. All reports would be submitted to the San Francisco Department of Public Health (DPH) for review and approval to ensure regulatory compliance.

The project sponsor shall prepare and submit to DPH a site-specific Safety and Health Plan (SHP) that would address worker safety concerns resulting from potential contaminants on the site. The SHP would include provisions for responding to unknown hazardous materials site conditions that could be encountered during construction.

If the soil investigation demonstrates that hazardous wastes present in the soil could be at levels that pose an unacceptable health risk, the project sponsor would ensure that

appropriate site investigations and risk evaluations are performed to evaluate potential human health risks related to any hazardous substances left in the soil or groundwater after completion of construction. The investigations, risk evaluations, and any required remedial actions would be implemented under the oversight of the appropriate regulatory agency(ies) to ensure compliance with applicable laws and that the public health and safety are protected.

Biological Resources

F.1a The Port could limit dredging operations and other construction activity in connection with the Illinois Street Bridge to between March 1 and November 30 to eliminate any potentially significant impacts of dredging or pier repair/replacement on the Pacific herring fishery. The Port would specify in construction contracts that, in exceptional cases where dredging operations or bridge construction must conflict with the herring season, the following conditions must be fulfilled:

- A professional fisheries biologist or other individual sufficiently competent to identify herring spawning activity would monitor the project site daily at any time when dredging or other in-water construction activity were taking place.

- In the event that the on-site monitor detects herring spawning at, or within 200 meters of dredging or other in-water construction activity, the monitor would immediately notify the Environmental Review Officer and the project construction manager, who would halt the dredging or other construction activity for a minimum of 14 days, or until the monitor determines that the hatch has been completed and larval herring have left the site. The dredging or other construction activity may resume thereafter.

Geology, Soils and Seismicity

G.1 A geotechnical investigation should be conducted under the direction of a Geotechnical Engineer prior to permitting any new construction, including construction of the proposed Illinois Street bridge, or reuse of an existing structure for new uses that could increase the load of the structure so as to trigger the requirements of Section 3403.6 of the San Francisco Building Code. The investigation should be performed to evaluate subsurface conditions and existing foundation conditions at the site. The geotechnical investigation should evaluate the potential hazards such as settlement, ground shaking, ground rupture, liquefaction, subsidence, slope stability, and lateral spreading. Recommendations to mitigate geologic hazards should be made to the project's structural engineer regarding the design of new foundations, upgrading of existing foundations, seismic design, and mitigation of geologic hazards. *(1997 FEIR Measure I-1)*

G.10 Project sponsors, including the Port, should employ an engineer qualified in earthquake engineering to incorporate into the final design of individual facilities developed under the WLUP all economically feasible engineering methods to reduce

the potential for loss of life-line services. This may include methods to improve unstable ground conditions, to strengthen infrastructure to be more resistant to earthquake induced ground movements, and to organize and prepare for earthquake response. While specialized techniques for ground improvement to reduce liquefaction hazards likely are not practical or economically feasible over large areas, ground improvements within selected strategic sites may result in substantial hazard reduction to utility systems. In such areas a variety of ground stabilization techniques may be considered, such as compaction grouting, placement of stone columns, and deep soil mixing. *(1997 FEIR Measure I-9a, Revised)*

G-14 All open sub-grade structures and pits, whether temporary or permanent, should be provided with protection against damage resulting from adjustment to buoyant and lateral deforming soils.

All construction and design of such projects should provide specific measures to prevent hazards to people and damage to proposed or nearby structures that could result from these adjustments. In some cases, a specific geotechnical investigation may be required for permanent open sub-grade structures and open underground structures. *(1997 FEIR Measure I-2)*

G-15 Prior to any construction that would require dewatering, the applicant should submit and the Port should review a dewatering and excavation plan and an analysis of potential impact to adjacent properties to determine whether the potential exists to damage off-site property.

As a standard practice, the Port should require an application package that will indicate the amount of dewatering and the period over which dewatering may be required. The package should include a survey of adjacent structures with information concerning their age, foundation type, construction type, status as a historic landmark or structure of special significance, and record of any existing damage. The package should also identify adjacent City streets, the location of buried infrastructure, and an evaluation of groundwater quality, flow patterns, and disposal. In addition, the application should indicate any specific mitigation measures incorporated into the project to minimize hazards to structures and groundwater. *(1997 FEIR Measure I-3a)*

G-16 To minimize dewatering hazards, construction projects should provide shoring of all excavation pit walls, and provide supports to adjacent structures, including foundation support if needed. *(1997 FEIR Measure I-3b)*

G-17 All applicants for construction projects involving dewatering (as well as vibration-inducing pile driving) should post a surety bond or other equivalent mechanism to cover the costs of potential damage to off-site property from construction. (The bond is included in this EIR as a mitigation measure because of the uncertainty that other mitigation measures would protect off-site property from damage. If needed, the bond would be used to repair off-site damage and thus mitigate that impact.) The amount of the bond would be determined by the Port. *(1997 FEIR Measure I-3c)*

G-18 Prior to any construction that would require dewatering or pile driving, the Port should notify all property owners within 200 feet of the proposed construction activity at least 30 days prior to the date of initiating demolition or excavation, whichever is the first activity to occur. The Port should provide an opportunity for all property owners to comment on the construction activity and allow them the opportunity to have their property photo-documented for its pre-construction condition. The Port is responsible for inspection of construction activities and should note any observations of proven or suspected subsidence damage on the site and at adjacent sites. This measure would allow adjacent property owners to document the condition of their property prior to initiation of an activity that could result in damage. If damage does occur, the measure would help to identify the extent of the damage caused by construction within the Project Area. *(1997 FEIR Measure I-3d)*

G-19 For impacts from pile driving, the Port and project sponsors should implement Measures G-16 through G-19. *(1997 FEIR Measure I-4)*

B. Mitigation Measure Approved by the Port Commission with Modifications

For this category of mitigation measures, the modified text is presented fully below, with additions indicated in underline and deletions indicated in ~~strikethrough.~~

Measure D.1 has been modified to reflect revisions at the direction of the San Francisco Regional Water Quality Control Board, to meet current stormwater management requirements which have developed, since certification of the SEIR.

D.1 For construction sites of greater than one ~~less than five~~ acre of disturbed area, the contractors shall be required to file a Notice of Intent under the State-wide General Permit for Stormwater Discharges Associated with Construction Activity, and prepare and implement a Storm Water Pollution Prevention Plan (SWPPP). ~~similar to that required under the statewide General Permit for Storm Water Discharges Associated with Construction Activity.~~ The SWPPP would include site-specific information to identify and evaluate sources of pollutants associated with industrial activities and to identify and implement site-specific best management practices to reduce or prevent pollutants associated with industrial activities in stormwater discharges. Best management practices may be non-structural (e.g., activity schedules, maintenance procedures, prohibitions of practices) or structural (e.g., treatment measures, runoff controls, overhead coverage). Elements of the SWPPP shall include the following:

- measures for erosion and sediment controls
- methods for construction waste handling and disposal, and
- post-construction erosion and sediment control requirements

To mitigate potential impacts to water quality during pile-driving activities involved in construction of the Illinois Street Bridge, the Port shall implement standard silt/turbidity curtain techniques to control the amount of clouding and silt migration that

is caused by construction. The purpose of a silt/turbidity curtain is to prevent the flow and/or washing of disturbed debris in a water source; in essence, a turbidity curtain is a floating silt fence. Silt/turbidity curtains are generally made of woven geotextile fabric attached to a foam flotation top piece and are used in lakes, ponds, rivers, and oceans when shoreline construction generates silt and related debris. The floating barrier prevents contamination of adjacent waters, containing the silt to a small, defined area. Additionally, turbidity monitoring shall be conducted in the vicinity of pile-driving activities related to bridge installation to ensure turbidity levels do not exceed limits set forth by the Regional Water Quality Control Board.

Measure D.4 has been modified to reflect revisions at the direction of the San Francisco Regional Water Quality Control Board to meet current requirements that have developed since certification of the SEIR.

D.4 Sponsors of individual project components, including members of the Industry Group, shall be required to implement appropriate Best Management Practices for stormwater pollution prevention throughout the life of each lease and shall be required to monitor stormwater quality in accordance with the requirement of the statewide General Permit for Discharge of Industrial Stormwater. In the specific case of the Illinois Street Bridge, maintenance of structures and appurtenances shall be performed in accordance with requirements of the Phase II General Permit for Storm Water Discharges from Small Municipal Sewer Systems (Phase II Permit). The Port shall include design specifications for storm water catchments along the edges of the bridge that direct runoff through Continuous Deflective Separation (CDS) units for treatment (including removal of petroleum hydrocarbons) prior to being discharged into Islais Creek. The CDS units shall treat runoff from most of the Bridge and its approaches, while only a small volume associated with the navigation span is expected to discharge directly to the Bay.

Measure E.2b has been modified to allow a moveable barrier rather than a fence around any subsurface contamination that may be found, to maintain access by workers and visitors to the building located at 1800 Illinois Street.

E.2b For all projects where subsurface contamination is identified, the project sponsor would ensure that from the time that ground surfaces are exposed until the time that all remedial activities have been completed, a ~~fence~~ moveable barrier is erected around the area where chemicals have been identified in the soil and site access is restricted to necessary personnel, and workers and visitors accessing businesses located in the building at 1800 Illinois Street. Warning signs prohibiting access by the general public onto the project site would be posted at all construction access points. Access would be limited to authorized personnel only.

Dust-control measures applicable for air quality impacts would also minimize the potential public health impact associated with dust emissions and air quality pollutants. (See also Air Quality Mitigation Measures.)

C. Mitigation Measures Within the Jurisdiction of Other City Agencies

The Port Commission finds that certain mitigation measures as they appear in the SEIR fall within the jurisdictions of City agencies other than the Port Commission. Unless otherwise indicated, the Commission determines that such measures should be carried out by the named Agency at the appropriate time, and can and should be adopted by said Agency unless they are infeasible, as determined by that Agency. In some cases where the Port Commission recommends adoption in some modified format, the modification is explained. The Secretary of the Port Commission is hereby directed to transmit copies of these measures to the affected City Agency.

Some of the mitigation measures which lie within the jurisdiction of other city Agencies are not, in the opinion of the port Commission, measures which should be adopted by such agencies at this time. Where this is the case, an explanation is provided along with indication of which jurisdiction would be affected. The secretary is hereby directed to transmit the measures to the affected City Agency, but the Port Commission declines, for the reasons stated herein, to recommend that these meaasures can and should be adopted by the Agency, and to that extent such measures are rejected.

B.1 This mitigation measure identifies various roadway and signalization improvements to improve levels of service projected to occur by the year 2015 (but after 2003) at the following intersections during the a.m and/or p.m. peak hour: Third/25th Streets; Illinois/25th Streets; Pennsylvania/I-280 (Southbound) on-ramp; Pennsylvania/Cesar Chavez Streets; Third/Cesar Chavez Streets; and Illinois/Cesar Chavez Streets. By prior action (Port Commission Resolution 01-44), the Commission has recommended that the Department of Parking and Traffic implement this measure, as modified to clarify that if future traffic analysis indicates that where a Port activity will contribute traffic to any of these intersections which trigger the need for the roadway or signalized remedies described in this mitigation measure, the Port Commission will require that the improvements be provided at that time. *[Note: Improvements to the intersection of Illinois and Cesar Chavez Streets, as specified in the SEIR, are planned for implementation as part of the MUNI Metro East storage and maintenance facility on the former Western Pacific site fronting on Illinois, between 25th and Cesar Chavez Streets.]*

D. Mitigation Measures Rejected and the Reasons for Rejection

The Port Commission finds that certain of the SEIR mitigation measures are not applicable to the uses or activities associated with the Illinois Street Bridge, and thus are rejected. Each mitigation measure is followed by a statement of the reasons why it is rejected.

B.2&
C.4 This measure is presented in the SEIR to mitigate transportation and associated air quality impacts of a mixed-use or non-industrial activity approved in the Pier 70 Opportunity Area, or Pier 90-94 backlands area. It requires preparation of a Transportation Systems Management (TSM) Plan to reduce vehicle trips and

associated emissions generated by new development. This measure is rejected because it is inapplicable to the Illinois Street Bridge.

B.5 This measure requires preparation of Transportation Demand Management Programs for major developments, particularly future Port development at Pier 70 and the Pier 90-94 backlands. This measure is rejected as inapplicable to the Illinois Street Bridge.

C.1 This measure requires "Best Available Control Technologies" to aggregate industry businesses, and is rejected as inapplicable to the Illinois Street Bridge.

C.2 This measure requires specified controls on any new asphalt plants developed in the area, and is rejected as inapplicable to the Illinois Street Bridge.

C.3 Consistent with the City's Clean Air Program, the Port shall require that all tenants make a good faith effort to engage in operational practices sensitive to the environment and the neighboring community, including use of low-sulfur and alternative fuels to reduce diesel emissions. The Port Commission has required this mitigation measure for new Southern Waterfront tenancies. The Illinois Street Bridge, however, has no bearing on this effort, as it will accommodate vehicles regardless of fuel usage. Accordingly, this measure is rejected as inapplicable to the Bridge.

C.4a This measures requires that concrete or asphalt production businesses provide annual reports on the volumes of material produced, to regulate and remain consistent with the volumes analyzed in the SEIR. This measure is rejected as inapplicable to the Illinois Street Bridge.

C.6 This measure requires aggregate-related businesses to carry out specified construction-period dust abatement measures, which are is rejected as inapplicable to the Illinois Street Bridge.

D.2 This measure requires source control Best Management Practices for all tenants and developers in the Southern Waterfront. This measure does not apply to the Illinois Street Bridge; Water Quality and stormwater management requirements in Measure D.1 and D.4, as modified, apply to the Bridge, and will be implemented.

E.1 This measure requires preparation of a Spill Control and Countermeasure Plan for any above-ground storage of petroleum products. The Illinois Street Bridge will not involve such storage and thus this measure is rejected as inapplicable.

E.3 The Port shall contract for or require that Port tenant(s) contract for disposal of any portion of the soil pile on the Bode and Mission Valley Rock sites at Pier 92 that cannot be reused for construction projects in accordance with applicable waste disposal regulations. Such reuse would also require approval of the San Francisco Department of Public Health. *[Note: This measure is currently being implemented and involves the removal and disposal of the soil in out-of-state and California landfills starting in*

December 2002. None of the soil will be reused in construction projects.] The Illinois Street Bridge is not located on, or would affect the removal efforts at Pier 92, and thus this measure is rejected as inapplicable.

G.12 This measure requires the Port to work in cooperation with the City's Office of Emergency Services (OES), Fire Department and Police Department to plan routes of alternative emergency access to development sites and hospitals. This measure originated in the WLUP EIR and was adopted by the Port Commission, as modified, in 1997, which version is presented in the SEIR. The Port is one of several City agencies that has been working in coordination with the OES, Fire and Police Departments to set up a communications procedure that enables emergency access routes to be identified based on reports of road or transportation network damage, obstructions or other circumstances following a catastrophe that could affect emergency routes. This measure addresses administrative cooperation between City agencies independent of the Illinois Street Bridge, and is thus rejected as inapplicable.

G.13 To mitigate hazards associated with piers that are in poor condition, this measure calls for development and regular inspection of the condition of piers, and for development of a maintenance and repair schedule, coordinated with the Port's Capital Plan. This measure originated in the WLUP EIR and was adopted by the Port Commission, as modified, in 1997, which version is presented in the SEIR. The Port now has a Facilities Inspection Team and established procedures to carry out rapid assessments of its facilities, and a protocol and reporting process to work with its tenants to define and carry out necessary repairs. Those repairs that are determined to be the responsibility of the Port to carry out are now prioritized and coordinated with the Port's engineering and maintenance divisions, consistent with the Port's Capital Plan objectives. The Port also has purchased and established a state-of-the-art Facility Maintenance management program to improve maintenance and monitoring of the Port's facilities. This measure is independent of the Illinois Street Bridge, which will be a new infrastructure improvement facility. This measure is thus rejected as inapplicable to the Bridge.

E.4 This measure requires specified hazardous material survey and remediation actions for projects that involve demolition or renovation of existing buildings and facilities. This measure is rejected as inapplicable to the Illinois Street Bridge, which would be newly constructed.

F.1b This measure limits the period during which Industry Group tenants (as defined in the SEIR) may carry out dredging. This measure does not apply to the Illinois Street Bridge and is therefore rejected, although a similar measure, F.1a (see Article IV, Section A above), would be carried as part of the Bridge construction.

F.2 This measure requires specified biological survey during specified periods of the year for any demolition or renovation of existing unoccupied buildings. This measure is rejected as inapplicable to the Illinois Street Bridge.

G.2 This measure establishes criteria for storage and placement of equipment within buildings to minimize or avoid personal injury that could occur following an earthquake or catastrophic event. This measure is rejected as inapplicable to the Illinois Street Bridge, which does not include any occupied buildings.

G.3,
G.4,
G.5,
G.6 These measures require maintaining on-site emergency response supplies, and define
G.8, criteria for non-structural elements, utilities and fire extinguishers in facilities occupied
G.9, with large numbers of employees and visitors to minimize or avoid injury during an
G.11 earthquake or catastrophic event. They are rejected as inapplicable to the Illinois Bridge

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G.7 This measure requires Port tenants to prepared earthquake preparedness and response plans, which is rejected as inapplicable to the Illinois Street Bridge. The Port already has an adopted earthquake prepared and response plan for its operations.

G.20 This measure requires review of new (locations or deeper) dredging activities. This measure is rejected as inapplicable because the Illinois Street Bridge would not involve any dredging.

G.21 This measure specifies requirements to avoid safety hazards posed by buildings that are demolished. The Illinois Street Bridge will not require demolition of any buildings, and thus this measure is not applicable.

H.1 This measure requires review of any Pier 70 historic resources, and is rejected as inapplicable to the Illinois Street Bridge.

I.1 This measure requires archaeological assessment to evaluate the potential for artifacts for development projects that would involve excavation or other substantial soil disturbance of greater than four feet in depth. This mitigation measures acknowledges that the excavation required for the Illinois Street Bridge would be minimal and would not have the potential to disturb subsurface cultural resources. Accordingly, this measure is rejected as inapplicable to the Illinois Street Bridge.

V: FINDINGS REGARDING PROJECT ALTERNATIVES IN THE SEIR

As indicated previously, the SEIR analyzes three alternatives to the Project: 1) Alternative A, the "No Project" Alternative which entails no changes to the Project Area, including no construction of the Illinois Street Bridge; 2) Alternative B, which analyzes a reduced scale of development that still includes the Illinois Street Bridge; and 3) Alternative C, an alternative that includes residential use at Pier 70 instead of the commercial and industrial uses

contained within the Project. Alternative C also continues to assume construction of the Illinois Street Bridge.

The Illinois Street Bridge is included in Alternatives B and C because of its mitigative effects on traffic, and because it is necessary to achieve the Port's primary objective of supporting cargo shipping and maritime use of the Port's Southern Waterfront property, as represented by the Project. The Bridge would improve the Port's facilities by creating a direct, efficient means of providing freight rail access to the Pier 80 cargo terminal, obviating the need for the circuitous route through Mission Bay which is five times greater in length. The presence of efficient rail access infrastructure is important and necessary to successfully market and operate cargo terminal facilities. The Bridge also would provide a direct intra-terminal connection between Pier 80 and Piers 94-96 and 92, which offers vehicles an alternative to using Cargo Way and Third Streets to access Cesar Chavez or Illinois Streets, or other destinations north of Islais Creek. These shorter, direct connections provided by the Illinois Street Bridge would also result in environmental benefits by reducing air emissions.

Alternative sites for the Illinois Street Bridge are not feasible given that its function is to provide an efficient connection between the existing Port cargo facilities in the Southern Waterfront. With respect to modifications to the alignment of the Bridge, the Addendum to the SEIR discusses in detail refinements to the alignment that were discussed with the community and analyzed. These discussions resulted in a minor eastward shift of the Bridge alignment, from the middle to the eastern edge of the Illinois Street right-of-way which is analyzed in the Addendum to the SEIR..

The No Project Alternative would not achieve the Port's objectives to support and enhance maritime use in the Southern Waterfront, including the Illinois Street Bridge. The area would remain unchanged with large tracts of unimproved land. The utility of the Port's current terminals, over time, would diminish without continuing ongoing efforts to make infrastructure improvements and to locate businesses that can generate maritime industrial activity and use of the cargo facilities. Accordingly, the No Project Alternative is rejected.

VI: SIGNIFICANT ADVERSE ENVIRONMENTAL IMPACTS

The Project includes many aspects and features that reduce or eliminate environmental impacts that could be otherwise significant. However, the SEIR concludes that cumulative traffic generated by the Project would result in significant, unmitigable effects at the following intersections: Mariposa Street/I-280 southbound on-ramp; Mariposa Street /I-280 northbound off-ramp; Third/Mariposa Streets; and Evans Avenue/Cesar Chavez Street.

Project-generated maximum daily emissions of reactive organic gases (ROG), nitrogen dioxide (NOx), and respirable particulates (PM-10) would exceed the significance threshold of 80 pounds per day in both 2003 and 2015. The significance threshold for annual emissions of 15 tons per year would also be exceeded for ROG and NOx in each year. Therefore, the Project would result in a significant effect with regard to emissions of criteria pollutants, which would occur regionally, and would not be directly reflective of local

conditions. The significant regional impact cannot be reduced to a less-than-significant level because of the magnitude of the Project.

Localized emissions from the Project would not be significant. Emissions from other local sources off-Port property are not quantified, and thus it is not possible to determine whether there would be significant cumulative air quality impacts locally in the southeast area of the City. In light of the inadequate data necessary to determine whether there would be significant cumulative air quality impacts, the SEIR takes a conservative approach and deems that the cumulative PM-10 and diesel particulate air quality impacts would be significant.

The SEIR concludes that the Illinois Street Bridge component of the Project would mitigate traffic congestion impacts, and the associated air quality effects for the Cargo Way and Amador Street intersection. The air quality impacts, described above, would result even if the Bridge were not constructed. However, the SEIR analysis of the Southern Waterfront Project, of which the Bridge is a part, concludes that all activities undertaken in the Southern Waterfront area contribute to significant cumulative and unmitigable air quality impacts as described above.

All other significant effects generated by the Bridge itself will be mitigated to an insignificant level with the measures to be included as part of the Bridge Project approval by the Port Commission, which mitigation measures are described in Article IV. However, to the extent that the mitigation measures described in Article IV are not adopted or implemented, additional significant impacts could occur in the areas of transportation, air quality, water quality and hydrology, hazardous materials, biological resources and geology, soils and seismicity. There are no specific, feasible mitigation measures available other than those identified in the WLUP EIR and SEIR, to reduce these impacts to a level of insignifance.

For the reasons above, the Port Commission finds that the Project incorporates all feasible mitigation measures and has eliminated or substantially lessened all significant effects on the environment where feasible. The remaining effects listed above are found by the Port Commission to be acceptable due to the overriding considerations set forth below.

VII: STATEMENT OF OVERRIDING CONSIDERATIONS

The Port Commission finds that the following social, economic, technological and other considerations and benefits warrant approval of the Illinois Street Bridge component of the Project, as described and analyzed in the SEIR, notwithstanding the unavoidable or unmitigated effects of the Project.

1. The Illinois Street Bridge will support and strengthen the Port's cargo and maritime-related business by creating a transportation infrastruture improvement that enables direct freight rail access to Pier 80; and a direct intra-terminal connection that also provides a second route option for vehicles to cross Islais Creek. The resulting improvements in transportation access to its existing cargo terminal facilities will

greatly improve the Port's efforts to successfully market and operate those facilities for use by maritime-related businesses, which are reflected in the SEIR Project.

2. The Illinois Street Bridge will provide environmental benefits to reduce the impacts of Port operations on the waterfront and the surrounding southeast community. The Bridge will provide relief to traffic congestion and associated emissions anticipated in the future, as the Port and surrounding area develop further. In addition, the Bridge design includes systems to filter and process stormwater runoff to avoid negative effects on Bay water quality.

3. The Illinois Street Bridge is a long-sought Port improvement plan which was first identified in the Port's 1985 Container Terminal Modernization Plans for the Southern Waterfront. Only through extensive fund raising efforts over recent years from many different sources has the Port has been able to gather the financial resources to implement construction of the Bridge. Several of these sources have timelines and other conditions which, if not met, would result in defunding the Bridge. Therefore, time is of the essence. The Port has worked extensively with the community, including the Southern Waterfront Advisory Committee and the owner and occupants of the building at 1800 Illinois Street to respond to as many of the Bridge siting, design and operational concerns as feasible, and to develop a cost-effective improvement that provides fundamental support to the Port's maritime and related industrial operations.

Planning/Southern Waterfront/Illinois Street Bridge/12-9-02-dyo-Illinois Street Bridge CEQA findings

EXHIBIT D
PORT OF SAN FRANCISCO – ILLINOIS STREET BRIDGE
MITIGATION MEASURE MONITORING PROGRAM
Exhibit to Illinois Street Bridge CEQA Findings, adopted by Port Commission Resolution 02-61, December 17, 2002

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
B. Transportation					
B.1 To mitigate 2015 conditions, monitor traffic level of service (LOS) conditions at the intersections listed below in Table 23. At such time as warranted by traffic conditions (i.e., a degradation of the p.m. peak-hour service level to an unacceptable LOS E or F), institute the identified improvements or implement another measure determined at that time to be adequate to mitigate the degradation in level of service. Amador/Cargo: Install traffic signal; Restripe the southbound Amador Way approach to provide a left-turn lane, a shared left-through lane, and a right-turn lane (2015 a.m. pk. hr. LOS improves from F to C; 2015 p.m. pk. hr. improves from F to B)	Port & Illinois Street Bridge Design-Build Contractor	A new signal at Amador St/Cargo Way will be implemented by the Port as part of the Illinois Street Rail and Truck Bridge.	To be completed as part of the construction of the Illinois Street Bridge, scheduled for completion December 2004.	Port & Illinois Street Bridge Design-Build Contractor	Signal and lane improvements, as described, have been implemented.
B.3 The Illinois Street bridge that is proposed by the Port would improve operating conditions at Third Street and Cargo Way to an acceptable level of service (LOS C in the a.m. peak hour and LOS D in the p.m. peak hour), compared to conditions without the proposed bridge.	Port	Port hires Design-Build contractor team responsible for construction of the Bridge	Start construction in December 2003; Completes construction in December 2004	Port & Illinois Street Bridge Design-Build Contractor	Completion of Bridge construction (esitmated to occur in December 2004)
C. Air Quality					
C.5 The Port shall require that project sponsors direct construction contractors to implement a dust abatement program to reduce the contribution of project construction to local PM-10 concentrations. Elements of this program, which is currently applied to all Port tenants, include the following: - Water internal roadways and unpaved construction areas just prior to the morning and evening peak traffic periods (to limit the potential for major roadway traffic to entrain dust), limit speeds to 10 mph, and sweep paved internal roads after the evening peak period. - In addition, water active sites (e.g., where demolition, excavation or other earth work is underway) at least twice per day. Increase the frequency of watering when wind speeds exceed 15 miles per	Port & Illinois Street Bridge Design-Build Contractor	Implement described dust control measures	During construction	Port	Construction mitigation measures and monitoring will be completed when construction is completed

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
hour. Suspend all excavating and grading operation when instantaneous gusts exceed 25 miles per hour. - Replace ground cover in disturbed areas as quickly as possible. - Enclose, cover, water twice daily, or apply soil binders to exposed stockpiles of sand, gravel, and dirt. - Install gravel at construction equipment entrances to unpaved areas to prevent tracking of dirt and mud onto streets. - Sweep paved access roads, parking areas, and construction staging areas, at the end of day (with water sweepers), and sweep adjacent City streets if any visible soil material is carried over to these streets. - Cover all trucks hauling dirt, sand, soil, or other loose materials. Maintain at least six inches of freeboard between the top of the load and the top of the trailer. - Sweep up dirt or debris spilled onto paved surfaces immediately to reduce resuspension of particulate matter through vehicle movement over these surfaces. - Designate a person or persons to oversee the implementation of a comprehensive dust control program and to increase watering, as necessary. - Maintain and operate construction equipment so as to minimize particulates from exhaust emissions. During construction, require contractors to operate trucks and equipment only when necessary. Equipment should be kept in good condition and well-tuned, to minimize exhaust emissions. - Ordinance 175-91, passed by the Board of Supervisors on May 6, 1991, requires that non-potable water be used for dust control activities. Therefore, the project sponsor shall require that the contractor(s) obtain reclaimed water from the Clean Water Program for this purpose. This mitigation measure also would reduce demolition-related impacts regarding lead paint chips/lead dust. The project sponsor shall also be required to comply with Chapter 36 of the San Francisco Building Code, Work Practices for Exterior Lead-Based Paint, enforced by the San Francisco Department of Building Inspection.					
D. Hydrology					
D.1 For construction sites of more than one acre of disturbed area, the contractors shall be required to file a Notice of Intent under the state-wide General Permit for Storm Water Discharges Associated with	Port & Illinois Street Bridge Design-Build	Contractor files Notice of Intent, and prepares the	Notice of Intent and SWPPP, and Port sign-off prior to	Port	Notice of Intent and SWPPP preparation prior to start of construction (estimated date:

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
Construction Activity, and prepare and implement a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP would include site-specific information to identify and evaluate sources of pollutants associated with industrial activities and to identify and implement site-specific best management practices to reduce or prevent pollutants associated with industrial activities in stormwater discharges. Best management practices may be non-structural (e.g., activity schedules, maintenance procedures, prohibitions of practices) or structural (e.g., treatment measures, runoff controls, overhead coverage). Elements of the SWPPP shall include the following: - measures for erosion and sediment controls - methods for construction waste handling and disposal, andpost-construction erosion and sediment control requirements. To mitigate potential impacts to water quality during pile-driving activities involved in construction of the Illinois Street Bridge, the Port shall implement standard silt/turbidity curtain techniques to control the amount of clouding and silt migration that is caused by construction. The purpose of a silt/turbidity curtain is to prevent the flow and/or washing of disturbed debris in a water source; in essence, a turbidity curtain is a floating silt fence. Silt/turbidity curtains are generally made of woven geotextile fabric attached to a foam flotation top piece and are used in lakes, ponds, rivers, and oceans when shoreline construction generates silt and related debris. The floating barrier prevents contamination of adjacent waters, containing the silt to a small, defined area. Additionally, turbidity monitoring shall be conducted in the vicinity of pile-driving activities related to bridge installation to ensure turbidity levels do not exceed limits set forth by the Regional Water Quality Control Board.	Contractor	construction SWPPP for Port review and sign-off; Contractor complies with SWPPP during construction	start of Bridge construction; Implement SWPPP during construction		December 2003). SWPPP implementation completed upon certification by Port that Bridge construction contract has been completed.
D.3 As part of permit and lease requirements for future Port development projects, runoff from stormwater at new or re-developed facilities located outside of the City's combined sewer system shall be, at a minimum, subject to appropriate treatment such as on-site oil/water separators and/or sediment traps, depending on the nature of the pollutants that may be in the runoff, so that stormwater runoff is treated prior to discharge as needed to meet water quality objectives for stormwater, and that there is no direct, untreated discharge of	Port & Illinois Street Bridge Design-Build Contractor	In combination with implementing Measure D.4, Contractor is responsible for installing CDS stormwater treatment unit	Installation of CDS during Bridge construction; Port maintenance of CDS unit to be an ongoing responsibility	Port	CDS unit installation completed as part of the Bridge completion Port maintenance of CDS unit is ongoing responsibility

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
stormwater exceeding water quality objectives to the Bay or Islais Creek. Stormwater runoff from future Port development sites shall not be directed to the City's combined system, as originally contemplated in the Waterfront Plan EIR, and the volume of stormwater flows from the project area to the City's combined sewer system shall remain the same as at present, unless the increased flow to the combined system would result in no additional volume of combined sewer overflows.		during Bridge construction; Port responsible for maintenance of CDS unit			
D.4 Sponsors of individual project components, including members of the Industry Group, shall be required to implement appropriate Best Management Practices for stormwater pollution prevention throughout the life of each lease and shall be required to monitor stormwater quality in accordance with the requirement of the statewide General Permit for Discharge of Industrial Stormwater. In the specific case of the Illinois Street Bridge, maintenance of project structures and appurtenances shall be performed in accordance with requirements of the Phase II General Permit for Storm Water Discharges from Small Municipal Sewer Systems (Phase II Permit). The Port shall include design specifications for storm water catchments along the edges of the bridge that direct runoff through Continuous Deflective Separation (CDS) units for treatment (including removal of petroleum hydrocarbons) prior to being discharged into Islais Creek. The CDS units shall treat runoff from most of the Bridge and its approaches, while only a small volume associated with the navigation span is expected to discharge directly to the Bay.	Port & Illinois Street Bridge Design-Build Contractor	Contractor is responsible for installing CDS stormwater treatment unit during Bridge construction in compliance with the Municipal Permit (the General Permit is not applicable); Port responsible for maintenance of CDS unit	Installation of CDS during Bridge construction; Port maintenance of CDS unit to be an ongoing responsibility. Port has a maintenance plan approved by the Regional Water Quality Control Board.	Port	CDS unit installation completed as part of the Bridge completion Port maintenance of CDS unit is ongoing responsibility.
D.5 Sponsors of individual project components, including members of the Industry Group, shall conduct water quality monitoring during construction of facilities on or adjacent to the Bay to minimize effects of construction activities on water quality. In order to minimize potential for spills, construction materials or debris to enter the Bay and affect water quality, site specific construction methods and precautions, such as limiting activities on days of strong winds, could be included in the contractor's construction specifications to minimize effects on water quality. Demolition of structures with lead-based paint should include physical precautions to ensure that paint dust and chips do not enter the Bay.	Port & Illinois Street Bridge Design-Build Contractor	Contractor incorporates these requirements into the construction SWPPP they prepare, per Measure D.1, which SWPPP requirements are implemented during construction.	Implement SWPPP during construction	Port	SWPPP implementation completed upon certification by Port that Bridge construction contract has been completed.

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
E. Hazards					
E.2a Because the Illinois Street Bridge would be constructed bayward of the historic high tide line and would involve the excavation of at least 50 cubic yards of soil, the Port shall ensure that the contractors comply with the requirements of Article 22A, "Analyzing the Soil for Hazardous Wastes."	Port and Dept of Public Health (DPH)	Port conducts site investigation and sampling to determine soil management and disposal requirements; completes certification and maintenance reports, as applicable, pursuant to DPH requirements.	Complete site investigation and soil management, disposal requirements prior to commencing any site preparation work.	DPH and Port	DPH approval of soil management and disposal plan, and certification and maintenance reports, as determined to be applicable.
E.2b For all projects where subsurface contamination is identified, the project sponsor shall ensure that from the time that ground surfaces are exposed until the time that all remedial activities have been completed, a movable barrier is erected around the area where chemicals have been identified in the soil and site access is restricted to necessary personnel. Warning signs prohibiting access by the general public onto the project site shall be posted at all construction access points. Access shall be limited to authorized personnel, and employees and visitors that need to access the 1800 Illinois Street building.	Port & Illinois Street Bridge Design-Build Contractor	Contractor to provide barriers, warning signs and access restrictions	Prior to site grading, preparation for construction	Contractor to provide written notice of meeting mitigation requirement to the Port	Once barriers, warning signs and access restrictions are in place.
Biological Resources					
F.1a The Port could limit dredging operations and other construction activity in connection with the Illinois Street Bridge to between March 1 and November 30 to eliminate any potentially significant impacts of dredging or pier repair/replacement on the Pacific herring fishery. The Port would specify in construction contracts that, in exceptional cases where dredging operations or bridge construction must conflict with the herring season, the following conditions must be fulfilled: - A professional fisheries biologist or other individual sufficiently	Port & Illinois Street Bridge Design-Build Contractor	Schedule in-water Bridge construction work to between March 1 and November 30.	Overall Bridge construction schedule target start date is December 2003, which allows construction by Contractor of land improvements to proceed between December and	Port	Upon completion of Bridge construction, as certified by the Port.

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
competent to identify herring spawning activity would monitor the project site daily at any time when dredging or other in-water construction activity were taking place. - -In the event that the on-site monitor detects herring spawning at, or within 200 meters of dredging or other in-water construction activity, the monitor would immediately notify the Environmental Review Officer and the project construction manager, who would halt the dredging or other construction activity for a minimum of 14 days, or until the monitor determines that the hatch has been completed and larval herring have left the site. The dredging or other construction activity may resume thereafter.			March, while limiting in-water construction to the March to November period.		
G. Geology, Soils, and Seismicity					
G.1 A geotechnical investigation shall be conducted under the direction of a Geotechnical Engineer prior to permitting any new construction, if such construction triggers the requirements of Section 3403.6 of the San Francisco Building Code. The investigation shall be performed to evaluate subsurface conditions and existing foundation conditions at the site. The geotechnical investigation shall evaluate the potential hazards such as settlement, ground shaking, ground rupture, liquefaction, subsidence, slope stability, and lateral spreading. Recommendations to mitigate geologic hazards shall be made to the project's structural engineer regarding the design of new foundations, upgrading of existing foundations, seismic design, and mitigation of geologic hazards. *(1997 FEIR Measure I-1*	Port & Illinois Street Bridge Design-Build Contractor	With Port oversight, Contractor to consult geotechnical engineer to review Bridge design and engineering, and incorporate any mitigating recommendations.	Prior to commencing Bridge construction	Port	Upon completion of construction, incorporating geotechnical recommendations
G.10 Project sponsors, including the Port, shall employ an engineer qualified in earthquake engineering to incorporate into the final design of individual facilities developed under the WLUP all economically feasible engineering methods to reduce the potential for loss of life-line services. This may include methods to improve unstable ground conditions, to strengthen infrastructure to be more resistant to earthquake induced ground movements, and to organize and prepare for earthquake response. While specialized techniques for ground improvement to reduce liquefaction hazards likely are not practical or economically feasible over large areas, ground improvements within	Port & Illinois Street Bridge Design-Build Contractor	Port to include such specifications in the Bridge plan and RFQ specifications.	Prior to completion of Bridge construction	Port	Completion of Bridge construction

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
selected strategic sites may result in substantial hazard reduction to utility systems. In such areas a variety of ground stabilization techniques may be considered, such as compaction grouting, placement of stone columns, and deep soil mixing. *(1997 FEIR Measure I-9a, Revised)*					
G-14 All open sub-grade structures and pits, whether temporary or permanent, shall be provided with protection against damage resulting from adjustment to buoyant and lateral deforming soils. All construction and design of such projects shall provide specific measures to prevent hazards to people and damage to proposed or nearby structures that could result from these adjustments. In some cases, a specific geotechnical investigation may be required for permanent open sub-grade structures and open underground structures. *(1997 FEIR Measure I-2)*	Port & Illinois Street Bridge Design-Build Contractor	Port to include such specifications in the Bridge plan and RFQ specifications	Prior to completion of Bridge construction	Port	Completion of Bridge construction
G-15 Prior to any construction that would require dewatering, the applicant shall submit and the Port shall review a dewatering and excavation plan and an analysis of potential impact to adjacent properties to determine whether the potential exists to damage off-site property. As a standard practice, the Port shall require an application package that will indicate the amount of dewatering and the period over which dewatering may be required. The package shall include a survey of adjacent structures with information concerning their age, foundation type, construction type, status as a historic landmark or structure of special significance, and record of any existing damage. The package shall also identify adjacent City streets, the location of buried infrastructure, and an evaluation of groundwater quality, flow patterns, and disposal. In addition, the application shall indicate any specific mitigation measures incorporated into the project to minimize hazards to structures and groundwater. *(1997 FEIR Measure I-3a)* G-16 To minimize dewatering hazards, construction projects shall provide shoring of all excavation pit walls, and provide supports to adjacent structures, including foundation support if needed. *(1997 FEIR Measure I-3b)* G-17 All applicants for construction projects involving dewatering (as well as vibration-inducing pile driving) shall post a surety bond or	Port & Illinois Street Bridge Design-Build Contractor	Port to include such specifications in the Bridge plan and RFQ specifications	Prior to completion of Bridge construction	Port	Completion of Bridge construction

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
other equivalent mechanism to cover the costs of potential damage to off-site property from construction. (The bond is included in this EIR as a mitigation measure because of the uncertainty that other mitigation measures would protect off-site property from damage. If needed, the bond would be used to repair off-site damage and thus mitigate that impact.) The amount of the bond will be determined by the Port. *(1997 FEIR Measure I-3c)*					
G-18 Prior to any construction that would require dewatering or pile driving, the Port shall notify all property owners within 200 feet of the proposed construction activity at least 30 days prior to the date of initiating demolition or excavation, whichever is the first activity to occur. The Port shall provide an opportunity for all property owners to comment on the construction activity and allow them the opportunity to have their property photo-documented for its pre-construction condition. The Port is responsible for inspection of construction activities and should note any observations of proven or suspected subsidence damage on the site and at adjacent sites. This measure would allow adjacent property owners to document the condition of their property prior to initiation of an activity that could result in damage. If damage does occur, the measure would help to identify the extent of the damage caused by construction within the Project Area. *(1997 FEIR Measure I-3d)* G-19 For impacts from pile driving, the Port and project sponsors should implement Measures G-16 through G-19. *(1997 FEIR Measure I-4)*	Port & Illinois Street Bridge Design-Build Contractor	Contractor to provide a minimum 30 days notice to Port tenants/ property owners within 200 feet of the construction activity prior to start of construction, and cooperate to make reasonable accommodations	At least 30 days prior to demolition or excavation whichever occurs first.	Port.	Port confirms that Contractor provides timely notice and follow-up, and complies with agreed upon arrangements.
Noise Improvement Measures					
• To reduce construction noise impacts, limit noisy construction to least noise-sensitive times of the day and week (e.g. 7:00 am to 6:00 pm, Monday through Friday) • Prior to noisy construction activity (i.e. pile driving), contractors should notify and meet with neighboring residents and/or business occupants to inform them of dates, hours, and duration of such activities so that these parties might plan their activities accordingly.	Port & Illinois Street Bridge Design-Build Contractor	Send notices of upcoming construction work, and schedule meeting to discuss	Prior to commencement of affected construction activities (coordinate with Mitigation Measure G.18)	Port and Contractor	Upon completion of Bridge construction

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
Planning/southern waterfront/illinois bridge/12-09-02-dyo-Illinois Bridge Mit Monitoring Program					

PORT OF SAN FRANCISCO

MEMORANDUM

December 12, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to advertise for competitive bids for construction of the Embarcadero Promenade Pedestrian Improvement, Contract No. 2681.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE FOR COMPETITIVE BIDS FOR CONSTRUCTION OF EMBARCADERO PROMENADE PEDESTRIAN IMPROVEMENTS, CONTRACT NO. 2681.

Introduction

Port staff requests Commission authorization to advertise for competitive bids for construction contract No. 2681, Embarcadero Promenade Pedestrian Improvements. This project will transform a blighted portion of the San Francisco waterfront by making improvements it to be consistent with its recently improved surroundings. Currently, a 4-foot high concrete wall and chain link fence block expansive views of the Bay along 420 feet of the Embarcadero Promenade between Folsom and Harrison Streets. Under this project, the Port would replace the concrete wall and chain link fence with a decorative railing that is designed consistent with other roadway and promenade improvements. This project will create views of the San Francisco Bay from the Mid-Embarcadero Roadway, Promenade, and streetcar platforms. Also, it will enhance attractiveness of the Promenade near the Pier 24 Annex and Rincon Park.

Background

The Embarcadero Promenade Pedestrian Improvements project is part of the large Embarcadero Roadway urban renewal project. The planning, environmental review and community involvement for this project are part of the Mid-Embarcadero Project. A cross-functional Port staff team has been working to complete the design of this project. Staff is now in the process of preparing the final construction documents and a bid package.

This Print Covers Calendar Item No. **6B**

Funding

The total cost of the Embarcadero Promenade Pedestrian improvements project is estimated at approximately $280,000. The funding sources for this project are as follows:

Port Capital Funds	$ 57,000
Federal Highway Administration, Transportation Enhancement Activities Grant	$226,000
Total:	**$283,000**
Total estimated Project cost:	$280,000

The Federal Disadvantaged Business Enterprise (DBE) program will be used on this project due to Federal funding. The Department of Public Work that manages Port's DBE program has established a goal of 30% DBE participation for this project.

Current Status:

We anticipate advertising for bids in mid-January with construction starting in March of 2003. As the construction documents are nearly complete, Port staff requests authorization from the Commission to advertise for competitive construction bids for this project.

Prepared by: Mojgan Yousefkhan, Project Manager,
for Nieret Mizushima, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-62

WHEREAS, the Embarcadero Promenade Pedestrian Improvements project will create views of the San Francisco Bay from the Mid-Embarcadero Roadway, Promenade and streetcar platforms by removing concrete walls and constructing new railing along the Embarcadero Promenade; and

WHEREAS, the Project will improve the attractiveness of the Promenade near the Pier 24 Annex and the Rincon Park; and

WHEREAS, all relevant agencies, including the Bay Conservation and Development Commission, and the Regional Water Quality Control Board, have issued permits for approval of the Project; and

WHEREAS, the estimated cost of the work is $280,000, which will be funded with Port Capital Funds and Federal Highway Administration, Transportation Enhancement Activities grant funds; and

WHEREAS, On August 15, 2000 (by Resolution No. 00-66), the Port Commission authorized the Executive Director, to accept and expend $226,000 in Federal Highway Administration, Transportation Enhancement Activity grant funds for the Embarcadero Promenade Pedestrian Improvements project; and

WHEREAS, Port staff has secured the necessary funding for this project and has nearly completed the final construction documents necessary to bid the construction project; now therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes staff to advertise for competitive bids for construction of the Embarcadero Promenade Pedestrian Improvements, Contract No. 2681.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 17, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

December 11, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Execute a Contract Modification to Contract No. 2671, "Maintenance Dredging" with Dutra Dredging Company

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO EXECUTE THE PROPOSED CONTRACT MODIFICATION TO CONTRACT NO. 2671, "MAINTENACE DREDGING" WITH DUTRA DREDGING COMPANY FOR AN ADDITIONAL AMOUNT NOT TO EXCEED $955,057, AND TO EXTEND THE CONTRACT TERM TO JUNE 30, 2003.

Introduction

Port staff requests that the Commission authorize the execution of a contract modification to the existing Construction Contract No. 2671, Maintenance Dredging with Dutra Dredging Company for an additional amount not to exceed $955,057, and to extend the contract term to June 30, 2003. This modification will allow the Port to complete dredging at Pier 35. The dredging is necessary to maintain the required depths for vessels that support the Port's maritime business.

Background

The Port Commission, at its meeting on August 14, 2001, authorized staff to award a maintenance dredging construction contract to Dutra Dredging Company in the amount of $2,570,000, and to modify the contract up to a maximum amount of $3,922,675, plus a 10% contingency of $392,268, as additional funding became available. (Port Commission Resolution 01-64.) The original contract has already been increased, on an as-needed basis, to the maximum amount approved by the Commission. The current contract term expires on January 24, 2003.

Under the existing contract, the contractor has completed dredging at Pier 35 East, Pier 80 and Pier 92. However, the Port needs to dredge at Pier 35 East and West before the start of the 2003

This Print Covers Calendar Item No. **6C**

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summer cruise season. The Pier 35 dredging was scheduled be completed by November 30, 2002, but was deferred to complete dredging at Piers 80 and 92. Since no dredging activity is allowed between December 1 of this year and March 1 of 2003 due to environmental regulations, the contractor is unable to complete dredging at Pier 35 before the current contract expires.

The Port has more cruise ship calls for Pier 35 from May to October of 2003. The proposed contract modification will secure the existing contractor's services for necessary dredging at Pier 35 in the months of March and April of 2003.

The contractor has completed dredging work worth approximately $3,500,000 to date. Staff estimates that the remaining dredging will require the remainder of the funds available.

The contract modification amount is calculated as follow:

Available capital funds for dredging	$5,270,000
Authorized maximum contract amount, plus a 10% contingency	-$4,314,943
Amount of Contract Modification	$ 955,057

The contractor has agreed to the terms of the proposed contract modification. Human Rights Commission Staff has also reviewed and approved the contract modification. The MBE and WBE subcontracting goal for the contract modification remains the same as the original contract, which is 60% of the value of trucking be subcontracted to MBE or WBE truckers if the prime contractor requires the use of trucks to dispose of dredge materials.

Funding

The existing project cost and the proposed contract modification will be funded with Port capital funds for dredging.

CPO 625–09, Year 2001 – 2002	$2,570,000
CPO 625-01, Year 2002 – 2003	$2,700,000
Total	$5,270,000

Summary

Staff recommends Commission approval of the proposed contract modification in order to maintain the operation of several berths critical to the Port's maritime operations.

Prepared by: Ken Chu, Project Engineer, for
Nieret Mizushima, Chief Harbor Engineer
Jay Ach, Dredging Program Manager

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-63

WHEREAS, the Port Commission, at its meeting on August 14, 2001, authorized staff to award a maintenance dredging contract to Dutra Dredging Company for the initial amount of $2,570,000, and to modify the contract up to a maximum amount of $3,922,675, plus a 10% contingency of $392,268 as additional funding became available (Port Commission Resolution 01-64.); and

WHEREAS, the original contract amount has already been increased to the maximum amount, and the contract term expires on January 24, 2003; and

WHEREAS, under the existing contract, the contractor has already completed dredging at Pier 35 East, Pier 80 and Pier 92, worth approximately $3,500,000; and

WHEREAS, the Port needs to dredge at Pier 35 before the start of the 2003 summer cruise season; and

WHEREAS, the Pier 35 dredging was scheduled to be completed by November 30, 2002, but was deferred to complete dredging at Piers 80 and 92; and

WHEREAS, since no dredging activity is allowed between December 1 of 2002 and March 1 of 2003 due to environmental regulations, the contractor is unable to complete dredging at Pier 35 before the current contract expires; and

WHEREAS, staff estimates that the remaining dredging will require the remainder of the funds available; and

WHEREAS, funding for dredging for years 2001 to 2003 is $5,270,000; and

WHEREAS, the contractor has agreed to the contract modification based on the original unit prices; and

WHEREAS, Human Rights Commission Staff reviewed and approved the contract modification; and

WHEREAS, the contract modification will allow the Port to complete dredging at Pier 35; now therefore be it,

RESOLVED, the Port Commission hereby authorizes the execution of a contract modification to the existing Construction Contract No. 2671, Maintenance Dredging with Dutra Dredging Company for an additional amount not to exceed $955,057, and to extend the contract term to June 30, 2003.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 17, 2002.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

December 11, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for Authorization to Award Construction Contract No. 2677 "Upgrade of Electrical and Telephone Services at Pier 48" to Paganini Electric Corporation.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO AWARD CONTRACT NO. 2677, "UPGRADE OF ELECTRICAL AND TELEPHONE SERVICES AT PIER 48," TO PAGANINI ELECTRIC CORPORTATION.

INTRODUCTION

Port staff requests that the Commission authorize the award of construction Contract No. 2677, "Upgrade of Electrical and Telephone Services at Pier 48," to Paganini Electric Corporation, the lowest responsive and responsible bidder. Completion of this work would implement the majority of the repairs required to lease the facility. The scope of the project includes the following:

- Pulling electrical and telephone lines through underground conduit to Shed A and B from an existing offsite telephone and electrical distribution source;
- Upgrading two existing switchboards with increased electrical and telephone service;
- Installing two new switchboards (one inside Shed A and one inside Shed B) with new electrical and telephone service; and
- Installing a new transformer and pad.

BACKGROUND

Pier 48 supports a two-shed complex of approximately 181,350 square feet located along the southern waterfront south of China Basin. The facility is currently vacant and is currently undergoing a seismic upgrade with insurance proceeds due to fire damage that occurred on November 26, 1996. To optimize the leasing potential of this pier, several improvements have been implemented at the Pier. An upgrade to the electrical service to the two sheds (Shed A and B) would complete the majority of the repairs to Pier 48. To accomplish this, the Port Commission, at its meeting on July 9, 2002, authorized staff to advertise for bids for this work. (Port Commission Resolution 02-26.)

This Print Covers Calendar Item No. **6D**

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The Port Staff has already obtained necessary permits for this project as part of the current seismic retrofit project at Pier 48.

SUMMARY OF BIDS

The Engineer's construction estimate for this project is $370,000. The Human Rights Commission Staff set a subcontracting goal of a combined 8% MBE and WBE goal for the project (i.e., the goal can be satisfied with 8% MBE, 8%WBE, or any combination of MBE and WBE participation that totals 8%).

Port Staff published the invitation for bids on October 23, 2002, and held a pre-bid conference on November 5, 2002 for Contract No. 2677. Port Staff received 13 bids on November 26, 2002. The Port Engineering and Human Rights Commission Staff reviewed the bids and have determined that Paganini Electric Corporation is the lowest responsive, responsible bidder with a bid price of $284,459.00, and meets the MBE/WBE goal. A summary of all of the bids is attached as Exhibit A.

FUNDING

The project cost will be funded from Port capital funds for fiscal year 2001-2002 for Pier 48 Improvements.

SUMMARY

Port staff recommends that the Commission authorize the award of the Contract No. 2677 to Paganini Electric Corportation for the amount of 284,459.00, plus a 10% contingency of $28,446.00. Staff also recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Kathy Nakazawa, Project Manager, for
Nieret Mizushima, Chief Harbor Engineer

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-64

WHEREAS, the Port Commission, at its meeting on July 9, 2002, authorized the advertisement of the construction contract for the Upgrade of Electrical and Telephone Services at Pier 48, Contract No. 2677; and

WHEREAS, Port staff received 13 bids on November 26, 2002; and

WHEREAS, the Port Engineering and the Human Rights Commission Staff reviewed the bids and have determined that Paganini Electric Corporation is the lowest responsive, responsible bidder; and

WHEREAS, Paganini Electric Corporation's bid price is $284,459.00 and its bid meets the MBE/WBE goals; and

WHEREAS, the project cost will be funded from Port capital funds for fiscal year 2001-2002 for Pier 48 Improvements; now therefore be it,

RESOLVED, the Port Commission hereby authorizes Port staff to award construction Contract No. 2677 for the Upgrade of Electrical and Telephone Services at Pier 48 to Paganini Electric Corporation for the amount of 284,459.00, plus a 10% contingency of $28,446.00; and be it further

RESOLVED, the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 17, 2002.

_____

Secretary

EXHIBIT A
Contract 2677
Upgrade of Electrical and Telephone Services at Pier 48
Bid Summary Comparison
Bid Opening Date: 11/26/02
Engineers Estimate: $ 370,000.00

Plan Holders	*Bid Submitted*	*Bid Estimate*	*Adjusted Bid w/HRC discount*
Paganini Electric Corporation 190 Hubbell Street San Francisco, CA 94107 ph 415-575-3900; fax 415-575-3920	Y	$ 284,459.00	$ -
Barri Electric Company 1485 Bayshore Blvd. San Francisco, CA 94124 ph 415-468-6477; fax 415-468-7191	Y	$ 310,500.00	$ -
D&D Pipelines 515 Balboa Street San Francisco, CA 94118 ph 415-876-4293; fax 415-876-4163	Y	$ 327,200.00	$ 310,840.00
WICE 910 23dr Avenue Oakland, CA 94606 ph 510-533-1911; fax 510-865-7227	Y	$ 328,000.00	$ -
King C. Electric 4128 Balboa Street San Francisco, CA 94121 ph 415-752-8182; fax 415-752-1052	Y	$ 330,000.00	$ 297,000.00
Jin Contruction and Electrical Company 1601 Donner Avenue #3 San Francisco, CA 94124 ph 415 822-1500; fax 415-822-2300	Y	$ 334,000.00	$ 300,600.00
Thunder Electric, Inc. 130 Dore Street San Francisco, CA 94103 ph 255-9473; fax 415-255-9553	Y	$ 342,600.00	$ -
Bleyco, Inc. 80 Carolina St. 2nd Floor San Francisco, CA 94103 ph 415-931-0030; fax 415-431-0031	Y	$ 353,000.00	$ 317,700.00
Bass Electric 860 Innes Avenue San Francisco, CA 94124 ph 415-642-1650; fax 415-642-4335	Y	$ 358,100.00	$ 322,290.00
Cresci Electric, Inc. Pier 50B Mail Box 16 San Francisco, CA 94107 ph 415-357-1950; fax 415-357-1914	Y	$ 359,439.00	$ 323,495.10
Millard Tong Construction Co. 1035 Mississippi Street San Francisco, CA 94107 ph 415-550-2530; fax 415-550-2420	Y	$ 388,896.87	$ 350,007.18
Aspen Timco, Inc. 4650 East Second Street, Suite E Benicia, CA 94510 ph 707-746-4888; fax 707-746-4998	Y	$ 389,500.00	$ -
McClure Electric 45 Rausch Street San Francisco, CA 94103 ph 415-864-5656; fax415-864-0190	Y	$ 425,253.00	$ -

PORT OF SAN FRANCISCO

MEMORANDUM

December 11, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams
Hon. Denise McCarthy

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to accept $143,200 in grant funds from the San Francisco Bay Natural Resources Protection Trust for the Pier 94 Wetlands Enhancement Project.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE PORT TO ACCEPT AND EXPEND GRANT FUNDS.

Project Description. The proposed project will enhance existing wetlands, and create new wetland area within the current wetland boundary along the northeastern shore of Pier 94. Subsidence of the fill in this area and resulting tidal inundation have resulted in establishment of approximately four acres of tidal wetlands, which offer valuable marsh habitat, used by many species of resident and migratory birds. The *San Francisco Southern Waterfront Final Supplemental Environmental Impact Report* (SEIR) concluded that proposed development at Pier 94 would not encroach into the existing wetlands, and therefore no significant impact to wetlands would occur and no mitigation is required. However, in response to public comment, the Port agreed to establish a buffer zone between the wetlands and industrial or other developments, and to evaluate the biological resources present in the wetland and adjacent upland. The wetland delineation and biological assessment found that habitat quality could be improved by removing debris and grading limited areas in and adjacent to the existing wetland.

Construction debris in the wetland, and poor water circulation in some areas reduce habitat quality. The proposed project would enhance and expand the wetland and a narrow strip of upland habitat that forms a transitional area between the marsh area and the adjoining property. The goal is to improve the physical, hydrological, biological and aesthetic value of the wetlands cost-effectively and with minimal impact to existing habitat. Specific design elements include:

- Channels will be designed and created to enhance tidal circulation and provide varying levels of inundation to various subhabitat types.

- Where practical, large construction debris that inhibits the growth of, or displaces native salt marsh vegetation, will be removed.
- Large stands of invasive eastern cordgrass and other invasive plants will be removed.
- Where practical, piles of smaller debris will be removed; this includes asphalt, concrete, and rebar that prohibit tidal inundation of certain areas and establishment of wetland vegetation.
- Removal of debris and grading within the existing wetlands, as well as limited excavation in the transition zone between the wetlands and upland will expand the total acreage of tidal marsh.

Community Outreach. Another goal of the proposed project is to enhance the aesthetic and educational values of the site. With the success of the wetland habitat restoration and related environmental education programs at Heron's Head Park, community support for improving and expanding wetlands has developed. The preliminary design for the project was presented to the Port's Southern Waterfront Advisory Committee on May 1, 2002. Committee and community members raised questions about soil conditions, potential integration with storm water treatment wetlands, and opportunities for local contractors and/or community organizations to participate in construction. The Committee was generally supportive of the project and requested reports as the project progresses. The Golden Gate Chapter of the Audubon Society has also fostered community support for the site and proposed enhancements, including hosting a very well-attended Earth Day in April of this year, at which volunteers removed thousands of pounds of trash, tires, and weeds from the wetlands.

Regulatory Approvals. Preservation and maintenance of the Pier 94 wetlands were originally included in the SEIR. The Port will submit a more detailed project description to the San Francisco Planning Department for concurrence that environmental review is adequate. The project will also require permits or authorizations from the Army Corps of Engineers, the Bay Conservation and Development Commission, and the Regional Water Quality Control Board. None of the approvals will occur until additional environmental review has been completed and considered by the approving agencies, including the Port Commission's authorization to expend funds.

Project Cost. An engineers cost estimate based on preliminary design is as follows:

Equipment:	$5,000
Earthwork:	$25,000
Debris Removal and Disposal:	$94,000
Fence	$11,000
Landscaping and Signage:	$8,200
Subtotal:	**$143,200**
Contingency:	$27,820
Total Estimated Project Cost:	**$171,020**

Project Schedule. Design and permitting are underway, funded by previously allocated Port Capital funds. The Port anticipates completion of design and permitting by spring 2003. With successful completion of funding, Port staff will request Port Commission approval to solicit bids, and award a contract and expend funds during summer 2003. Construction is anticipated to be completed prior to the onset of the rainy season in fall 2003.

San Francisco Bay Natural Resources Protection Fund Grant. The San Francisco Bay Natural Resources Protection Trust (Trust) was established with funds from the settlement of natural resources damage claims related to the SS Cape Mohican oil spill, which occurred in 1996. The Trust is intended to support environmental enhancement projects in areas within the City and County of San Francisco that were adversely impacted by oil released from the Cape Mohican. It is jointly administered by the California Department of Fish and Game and the City and County of San Francisco District Attorney's Office. The Trustees have recommended the Port's proposed project at Pier 94 for funding because it would improve habitat quality for a variety of species that were impacted by the oil spill, including marine fish, shorebirds, and waterfowl.

Project Funding. The Trust proposes to fund the estimated project cost, excluding the construction contingency, of $143,200. The contingency amount of $27,820 will be set aside, and could be additionally awarded to the Port with the Trustees' approval of justified additional costs. The Trust would wire transfer 90% of the total grant amount to the Port upon Port Commission and Board of Supervisors' authorization to accept funds. The remaining 10% of the grant amount would be transferred to the Port upon completion of the project. Documentation of the Trustees' proposed funding mechanism is provided as Attachment 1. Project funding is summarized as follows:

Initial transfer of funds from Trust:	$128,880
Transfer of funds upon project completion:	$14,320
Total currently proposed grant amount:	**$143,200**
Contingency, available for justifiable costs:	$27,820
Total Estimated Project Cost & Max. Potential Grant Amount: $171,020	

Commission Action. Port staff seeks Commission authorization to accept $143,200 in grant funds currently approved by the San Francisco Bay Natural Resources Protection Trust, and $27,820 in contingency funds that could be additionally awarded from the Trust.

Prepared by: Carol Bach
Assistant Deputy Director, Environmental Health and Safety

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-65

WHEREAS, the San Francisco Bay Natural Resources Protection Trust was established to mitigate natural resources damage resulting from the SS Cape Mohican oil spill; and

WHEREAS, wetlands and wildlife that were directly impacted by oil released from the SS Cape Mohican would benefit from the proposed enhancement and expansion of wetlands at Pier 94; and

WHEREAS, the project is consistent with the Southern Waterfront Supplemental EIR; and

WHEREAS, the San Francisco Bay Natural Resources Trust has determined that the project is would fulfill the Trust's mission of supporting environmental enhancement projects within the City and County of San Francisco; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the Port to accept and expend $143,200 in grant funds, plus a possible additional $27,820 for justified additional project costs, from the San Francisco Bay Natural Resources Trust.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 17, 2002.

_____
Secretary

ATTACHMENT 1

San Francisco Bay Natural Resources Protection Trust Funding Proposal

OFFICE OF SPILL PREVENTION AND RESPONSE
1700 K STREET, SUITE 250
SACRAMENTO, CALIFORNIA 95814
(916) 445-9338

November 20, 2002

Ms. Rebecca Kramer
Special Funds Program Coordinator
National Fish and Wildlife Foundation
28 Second Street, Sixth Floor
San Francisco, California 94105

San Francisco Bay Natural Resources Protection Trust

Dear Ms. Kramer:

The Port of San Francisco (the "Port") is proposing a wetlands restoration/enhancement project at Pier 94. The area was directly impacted by oil from the *SS Cape Mohican* spill.

The plan is to improve the quality and expand the total area of existing wetlands, create a more natural topography in the wetland/upland transition zone, construct a post and cable fence to mark and protect the area from encroachment, and selectively remove stands of invasive eastern cordgrass. The Port has already committed $117,000 for biological surveys, restoration design, engineering planning and specifications, soil investigation and other pre-construction needs.

Trustees for the San Francisco Bay Natural Resources Protection Trust (the "Trust"), Eugene V. Toffoli and Paul V. Cummins (the "Trustees"), hereby authorize the National Fish and Wildlife Foundation (NFWF) to transfer *$128,880* from the Trust to the Port for the sole purpose of providing funds for the Pier 94 wetlands restoration project as outlined in the enclosed proposal. This transfer has been reduced by ten percent (10%) from the total project costs. Once the Trustees have received satisfactory evidence of project completion, the ten percent (10%) will be transferred to the Port. To summarize, the budget for funding this project will be as follows:

Construction

Equipment	$ 5,000	
Earth work	25,000	
Debris removal and disposal	94,000	
Fence (100 Linear Feet)	11,000	
Subtotal	$135,000	
10% Withholding		*- 13,500*
Subtotal Construction		$121,500

Landscaping

Native trees and shrubs	$ 7,000	
Top soil and mulch (40 yards)	1,200	
Subtotal	$ 8,200	
10% Withholding		*- 820*
Subtotal		$ 7,380
Total Project Funding	***$143,200***	
Total Funding Transfer		***$128,880***

Additionally, the Port has proposed a twenty (20%) percent construction contingency *[$27,000]* and a ten percent (10%) landscaping contingency *[$820]* to provide for any additional costs encountered during the project implementation. The Trustees request NFWF to set aside the total contingency of $27,820 from the Trust. The Port will be requested to provide a progress report and an explanation for the additional costs to the Trustees for their review and approval. Upon approval, the Trustees will submit a request to NFWF for the approved fund transfer from the Trust up to the contingencies outlined above.

The Trustees are not requesting any funds from the Trust for maintenance and monitoring as proposed by the Port. However, the Trustees may consider estimated costs for maintenance and monitoring at a later date.

Please wire transfer the funds on behalf of the Trust to the Port of San Francisco, notate funds are for the *Pier 94 Wetland Restoration/Enhancement Project* as indicated on the Wire Transfer Form enclosed.

For your convenience, I have enclosed supporting documents which outline the details of the project and the invoiced amount. If you have any questions or concerns, please feel free to contact either Mr. Toffoli at (916) 324-9817 or Mr. Cummins at (415) 553-1743.

Sincerely,

EUGENE V. TOFFOLI
Staff Counsel III (Supervisor)
Office of Spill Prevention and Response

PAUL V. CUMMINS
Chief Assistant District Attorney
Office of the District Attorney

Enclosures

cc: Ms. Carol Bach
Assistant Deputy Director
Environmental Health & Safety
Port of San Francisco

Mr. John Tarpley
Senior Environmental Scientist
Office of Spill Prevention and Response

bcc: Ms. Katherine Verrue-Slater
Staff Counsel III
Office of Spill Prevention and Response

NATIONAL FISH AND WILDLIFE FOUNDATION

Wire Transfer Form

1) Beneficiary

Beneficiary's name: _____
Beneficiary's address: _____
_____
_____
_____
Beneficiary's account number: _____

2) Beneficiary bank

Bank name: _____
Bank address: _____
_____
_____
_____
ABA # or SWIFT Code: _____
Bank's account: _____

3) Pay Through Bank (REQUIRED FOR INTERNATIONAL BENEFICIARIES)

Bank's name: _____
Bank address: _____
_____
_____
ABA# SWIFT Code: _____
Bank's account number: _____

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PORT OF SAN FRANCISCO

MEMORANDUM

December 12, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to advertise a Request for Proposals for As-Needed Engineering Consulting Services.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE A REQUEST FOR PROPOSALS FOR AS-NEEDED ENGINEERING AND ENVIRONMENTAL CONSULTING SERVICES.

The Port's Engineering and Environmental Divisions provide multi-disciplinary engineering and environmental services to all Port divisions. At times, the services requested exceed available Port engineering and environmental staff resources in order to respond in a timely and professional manner. In such instances, the Port consults with other City engineering and environmental organizations, including the Department of Public Works, Public Utilities Commission staff, and the Municipal Railway, to ascertain whether such City resources are available to augment Port staff. If no such expertise is available, outside consultant services are necessary to address the additional workload.

In the past the Port has retained professional engineering and environmental services on an "as-needed" basis, and wishes to do so again in anticipation of future needs. Such an arrangement will allow a timely response to required engineering services while reducing the overall processing and procurement effort and costs. Services for any project or operational function would only be requested as the need occurs and as funding became available. Overall funding would not need to be in place prior to advertising the request for proposals for "As-Needed" services, but, rather, on a task by task basis.

With Commission authorization, staff intends to seek proposals from qualified consultants to provide a wide range of specialized engineering and environmental services on an as-needed

This Print Covers Calendar Item No. 6F

basis. The types of services anticipated are provided in Appendix 1. The Port intends to contract with the two most qualified consultants or consultant teams to supplement Port staff in the implementation and completion of various projects. Depending on the project, the consultants may work with the Port staff as part of a project team to provide technical expertise, or alternately, the consultants may provide services for the entire project or for a particular project phase.

In addition to working with the Human Rights Commission in setting and monitoring local Minority and Woman Business Enterprise contracting goals for the contracts, staff intends to send outreach letters to local minority professional organizations to maximize awareness of this opportunity.

Following the receipt and evaluation of proposals, staff will seek Commission approval to award two contracts to the most qualified consultants to provide a wide range of specialized engineering and environmental services on an as-needed basis. Joint venture proposals would be encouraged, but not required. Each contract would be on a "Not to Exceed" basis of $1,000,000 with a three-year duration from contract certification.

In summary, Port staff requests approval to advertise a request for proposals for "as-needed" engineering and environmental services.

Prepared by: Tom Trimbur, Project Manager,
for Nieret Mizushima, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-66

WHEREAS, periodically, the Port's engineering and environmental staff are requested to provide essential services which exceed the staff resources available with the Port and other City departments; and

WHEREAS, the Port staff has previously managed these engineering and environmental resource demands through "as-needed engineering contracts to augment staffing of important projects; and

WHEREAS, the Port's as-needed contracts have provided and will provide a timely and cost-effective vehicle for the provision of professional services; and now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to advertise a Request for Proposals for two separated As-Needed Engineering and Environmental Services contracts, in amounts not to exceed $1,000,000 each.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 17, 2002.

_____
Secretary

Appendix 1: Types of Services Anticipated on an "as-Needed" Basis.

The consultant may be required to provide any of the following services in addition to other specialized services at the discretion of the Port of San Francisco:

Detailed site inspections including engineering analysis, reports and recommendations
Second party engineering assessments
Peer reviews
Value engineering

Geotechnical services

Coastal engineering
Marine engineering
Civil engineering
Structural engineering
Mechanical engineering
Electrical engineering
Environmental engineering

Environmental site assessment and remediation
Sampling and laboratory analysis of soil, water, and debris
Asbestos and lead consulting services including sampling, analysis, and oversight of abatement operations

Architectural services
Landscape architectural services
Accessibility review or design

AutoCAD drafting support

Cost estimating
Scheduling

Construction inspection/resident engineering services
Special inspections and testing
Material sampling and testing
Surveying
Shoring

Crane Consulting
Dive inspections
Underwater surveying

Shotcrete and concrete specialists
Fire sprinklers and fire alarm

Appendix 1 Continued

Plan Checking and Permit Processing
Code enforcement
Environmental Plan Checking and Permit Processing

Document management services
- Design
- Construction
- Office management
- Library
- Permits

Energy auditing services
Waste minimization, recycling, use of recycled materials and "green building" practices

Graphic services
Signage
Security services

The Scope of Work is to be used as a general guide and is not intended to be a complete list of all work potentially requested.

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SAN FRANCISCO
PORT COMMISSION

DECEMBER 17, 2002
MINUTES OF THE REGULAR MEETING

DOCUMENTS DEPT.

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HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
DECEMBER 17, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 2:10 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon and Denise McCarthy. Commissioner McWilliams was not present.

2. APPROVAL OF MINUTES - November 12, 2002 Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the minutes of the November 12, 2002 regular meeting was adopted.

3. EXECUTIVE

A. Executive Director's Report:

- Build San Francisco (Architectural Foundation of San Francisco): Mr. Wong reported that for the third consecutive semester, the Port has provided meeting space and staff support to the Architectural Foundation of San Francisco and the San Francisco Unified School District for the Build/San Francisco Program. The Build/San Francisco Program is an "after school" educational enhancement and mentoring program for San Francisco High School students to learn about the impact architecture and design have on their built environment. The program offers students the opportunity to learn about and play a role in the design of our City.

  Alan Sandler, Executive Director of the Architectural Foundation of San Francisco, spoke about the program and thanked the Commission and the Port for the use of its facilities for their meetings. He also thanked the following architectural and engineering design firms who participated in the program: C&B Consulting Engineers; Farella, Braun & Martel; Gate Capital; Hannum Associates; Primus Infrastructure; Simpson Gumpertz & Heger; Swinerton Builders; Tom Elliott & Fisch; Treadwell and Rollo. He also thanked the San Francisco 49ers Foundation for funding the entire semester. Three of the students from the program described their involvement and experience in the program and thanked the Port for their support of the program. Kathleen Townsend, a senior from the School of the Art High School, indicated that they were given a lot of freedom in the program. They realized that with all the freedom came a lot of responsibility. They will leave the program with a lot of important skills such as leadership, teamwork, organization and creative thinking. She thanked Tom Elliott and Fisch for taking her under their wings. She also thanked Richard Hannum for challenging them with his questions and pushing their group to go further. She also thanked Will Fowler for showing his support and his faith in their

group. She thanked the Port for making the program possible. Nicholas Tsao, Lowell High School, talked about the mentorship program. It was a once-in-a-lifetime opportunity for the students to get into the real working environment and to work with the professionals in different fields such as advertising, architecture and interior design. They were grateful that the mentors took time out of their busy schedules to teach and expose the working environment to them. He thanked Will, Richard and Alan for providing them with this opportunity and thanked the Port Commission for their support of the program. Lucas Sabona, Lowell High School, originally joined the program because it was an extracurricular activity. He had no idea how great it would be. He spent his time at Hannum and Associates and assist in their building of a model of the Williams Sonoma Building that will be built in May. Even better than working with the model were the meetings. Every Tuesday, they met, had a project to incorporate sustainability and had in-depth discussions. He thanked everyone who made it possible for him to come to this program. Mr. Sandler thanked Richard Hannum and Will Fowler, the lead teacher and lead architect of the program. He thanked the Commission for allowing them to do this and look forward to next semester.

- Special Presentation to Carl Hanson, President San Francisco Drydock: Mr. Wong announced that after 25 years, Carl Hanson will be retiring from the waterfront and he thanked him for all his tireless work on the waterfront.

  Mr. Dailey, Director of Maritime, indicated that Carl Hanson is a true icon on the waterfront for 25 years. He is a good friend of the Port and the maritime industrial businesses of San Francisco. Carl Hanson graduated from the California Maritime Academy in 1968 with a B.S. in Marine Engineering. Twenty years ago, he set up Southwest Marine at Pier 28. Through his dedication and hard work, his business has generated millions of dollars of activity on the waterfront. Today, they have outlasted all their competitors in San Francisco. As a result, San Francisco Drydock is one of the leading generators of skilled union jobs in the City. They have almost ten unions represented on their workforce. In addition to running and being president of one of the largest ship repair yards, one of the largest in the West Coast, Carl has also generously given his time and shared his expertise with the Port and the San Francisco maritime community. He served in the Port's Waterfront Plan Advisory Board for five years and has seen the completion of the Waterfront Plan. He continues to be an active member and board member on the Port's Maritime Commerce Advisory Committee. He served on the Board of Governors of the Society of Marine Engineers. He is the president of the Golden Gate Ship Repair Association and for over 14 years, held various official positions and was the past president of the San Francisco Marine Exchange. Maritime industrial jobs are vitally important to this city and through Carl's hard work, a lot of families have flourished and benefited from his company's work. On behalf of the Port Maritime Department and the Commission, he congratulated Carl Hanson for 25 successful years and his accomplishments on San Francisco's waterfront and thanked him for his being willing to broker strong relationships between labor, the Port and San Francisco Drydock. Mr. Dailey and Commissioner Hardeman presented Mr. Hanson a plaque in appreciation of his work on the waterfront.

As a Port Commissioner for the last eight years, Commissioner Hardeman remarked that he has never heard any complaints from the ten unions that are working with Mr. Hanson. His employees came to the Commission and spoke on his behalf during union negotiations. He congratulated Mr. Hanson for being a great human being.

Mr. Hanson indicated that he watched the Port grow and has been pleased with what he has seen and participated with over the years. He is impressed with it and was glad to be a part of it. He has been tough in some of the lease negotiations over the years but at the end of the day, they have always worked it out so that both parties prevailed. He thanked the Maritime Department who has been very good to them. He hoped that his company has been very good to the Port as well. He thanked the Port and the Commission for the honor bestowed upon him.

4. CONSENT

A. Request for authorization to offer through competitive bid a two-year lease for surface parking at SWL 330, located at the Embarcadero and Bryant Streets, and to continue with the existing operator on an interim basis. (Resolution No. 02-67)

B. Request for approval of amendment to the October 30, 2002 Agreement with Franciscan Restaurant for the repair of the Pier Surface and Substructure at Pier 43– ½ . (Resolution No. 02-68)

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution Nos. 02-67 and 02-68 were adopted.

5. REAL ESTATE

A. Request for approval of Lease amendment to reduce Base Rent for Golden Gate Scenic Steamship Corporation, Lease No. L-9176, and Tenant's Release of Port from any and all claims arising from or related to any comparisons of Tenant's business operations to those of other excursion vessel operators. (Resolution No. 02-69)

Mr. Phil Williamson, Property Manager, presented the item and requested Commission's approval. Port staff had anticipated presenting this item with specific release language agreed to by both parties; however, the exact language of the release is still being negotiated. Therefore, the last paragraph of the resolution has been revised to state as follows: "That the Port Commission hereby authorizes the Executive Director or his designee to negotiate and enter into the First Amendment to the Amended and Restated Lease No. 9176 between the San Francisco Port Commission and Red & White Fleet; substantially on the terms and conditions described in the staff memorandum and in the form approved by the City Attorney."

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 02-69 was adopted.

B. Request for approval of Fourth Amendment to Lease No. 11859 with Bundox Restaurant, Inc. for property located at Pier 7 (Broadway & Embarcadero). (Resolution No. 02-70)

Ken Winters, Director of Real Estate, presented the Waterfront lease for approval to finalize the restructure to ensure Waterfront's economic viability. The Waterfront Restaurant and the Falchis have been a Port tenant for over 30 years. They renewed their lease in 1994 and embarked on an expansion remodel which was completed in 1996. Pursuant to this expansion remodel, the Waterfront took on a loan with the Mayor's Office of Community Development (MOCD) in the amount of $3.250 million for such improvements. Due to financial constraints and difficulties and contractor related improvement issues, the Waterfront was unable to meet their MOCD loan obligations. Relief was constructed with the MOCD loan under an amendment in 2000; however, certain conditions continued due to economic downturn and systemic economic and financial difficulties. The objective of this restructure is to enable the Waterfront to continue as an economically viable tenant of the Port and for the community. The terms of the restructure under the lease are: (1) extend the term of the lease to the year 2025; (2) reduce the minimum rent from $21,000 to $10,000 per month; (3) reduce the percentage rent from 7 percent to 6 percent; and (4) provide the percentage rent payable at such time it may be payable to be applied to the MOCD loan as accelerated principal paydown. MOCD has agreed to reduce its interest rate as well as extend the loan term thus the lease term is co-terminus with the MOCD loan. Since the Falchis has a long-standing relationship with the Port, Mr. Winters recommended that this restructure be approved to enhance the Waterfront's cashflow and ensure its economic viability and its future.

Mary Murphy, from Farella Braun & Martel representing the Waterfront Restaurant, thanked the Port and the Mayor's Office of Community Development for their efforts on their behalf. This is a negotiation that begun 18 months ago; a negotiation that she entered into with the Port and MOCD 12 months ago. The proposal before the Commission and the staff recommendation is a good one that moves in the right direction. Unfortunately, it is like a lot of workout situations she has dealt with in the past where with a little more, this would work more effectively. First, given the length of this negotiation (18 months), when the Falchis were first approached by the Port, it would be appropriate that the date of the amendment be effective as of January of this year. It would go a long way towards stabilizing the situation in the short run which is the long-term goal and effort of everyone involved. She requested that the Port Commission consider making this change retroactive to January 1, 2002. More importantly, she pointed out something that Mr. Winters referred to in his remarks and also referenced in the staff report that systematic financial difficulties have put the Falchis in a situation they are in today. She emphasized that Clifford & Associates did an appraisal of this lease about a year or so ago for the Port's benefit at the Port's request. They cited, as a systematic financial difficulty, that the base rent for the Port was twice market. That base rent for a lease of this type, whether there was serious and substantial capital improvements, really should be a ground lease rent of no more than 3.5 percent whereas it was 7 percent as if it were a space lease. That, in fact, has been the primary financial difficulty that the Falchis have faced in trying to make this situation work. The proposal before the Commission has the ironic effect of actually taking the certified construction cost certified by the Port of $3.4 million and the rent credits that were originally available under the lease and could conceivably reduce those to less than the original lease actually permitted if in fact this provision that is in this

proposal of deferred rent to the Port continues to be put in the deal. Her two modest recommendations would be to make this a viable alternative for this workout to actually work is to make this retroactive to January 1 and to eliminate the cost of deferred base rent to the Port. If that stays in, it continues to have the net effect of a base rent that is twice market by the Port's own expert advice and opinion. She realized that it is unconventional to be making a request that is at odds with staff's recommendation. She suggested that if the Commission does not feel at ease trying to consider this request at the spur of the moment, the Commission might consider changing the amendment in the fashion that has just been proposed in the immediately preceding item and give the Port's Real Estate Director the authority to approve this in substantially the form with certain modifications as to reactivity and possibly the elimination of the deferred base rent. It is something that would still leave the door open towards trying to make this a completely win-win solution. She emphasized that they are very appreciative of the Port's and MOCD's efforts in this regard. She hoped that the Commission would consider her request.

Commissioner McCarthy asked for an explanation of the deferred base rent. Mr. Winters replied that the package, as Ms. Murphy confirmed and as described earlier, is predicated on a cashflow model to fit within the pro-forma of business envelope of the projected operations for Waterfront. The basis of market can be disputed back and forth. There are comps up and down the Port and throughout the City from pro-forma restaurant operations as well as rent and space and development type terms. He noted that the package of concessions for the City is valued at over $4 million. The deferred rent for the extension of term, the certain forgoance of percentage rent and the detail of many terms referenced in the document are to establish a deferral in order that the Port may receive some benefits for the package offered and for what it is foregoing in light of the solid contract that is in place. In aggregate, it would amount to a certain dollar amount that would be paid to the Port upon a capital event which allows the Falchis to run their business well into the full term of their lease or for whatever time they deem it for sale or refinance and meet their obligations and to the extent available that would be an amount payable to the Port which means it could be the full amount, half or none.

Commissioner McCarthy inquired if MOCD's offer to provide a consultant to the tenant is part of the deal and whether they are obligated to use the consultant. Mr. Winters confirmed that it is indeed part of the deal but they are not required to use the service.

Commissioner Brandon asked about the changes to the proposal that was submitted 18 months ago. Mr. Winters replied that his history with this lease does not cover 18 months as does Ms. Murphy. However, he embarked on a discussion with MOCD upon his arrival in August to understand the full financial situation behind the lease from the debt side, attempting to understand the operating side and visiting with the Falchis who were helpful in educating him about the challenges they face, how their business model is aimed at and how it works. The major difference is trying to fit within the cashflow model, the deferrment, the subordination of certain percentage rent that the Port will collect only to the extent available which goes toward the paydown, provides full autonomy and flexibility to the Waterfront to run its business and to the extent based on a cashflow basis, what may be available to pay their obligations to the Port and MOCD.

Commissioner Brandon asked if that arrangement is beneficial to the Port or the Falchis.

Mr. Winters replied that the lease, as presented, would be of equal benefit to the three parties involved.

Commissioner Hardeman commented that the process has been extremely confusing. They have had difficult tasks before but this has been one of the most complicated matters the Commission have been involved with. Mr. Falchi has been a great tenant and due to the economic downturn, it made it difficult to proceed as they had hoped. The package took a long time to put together and he does not want to see it get stalled any longer. All the involved parties have done their best and he supports the term as presented.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-70 was adopted.

6. ENGINEERING & MAINTENANCE

A. Request for adoption of findings pursuant to the California Environmental Quality Act (CEQA) and approval of authorization to advertise for Design-Build Services for the Illinois Street Intermodal Bridge. (Resolution No. 02-61)

Kathy Nakazawa, Project Manager, presented the item and requested Commission's approval.

Diane Oshima, Planning & Development, indicated that as per any project approval that the Commission is presented with, staff has to demonstrate that all of the requirements under CEQA have been met. This bridge has been analyzed quite extensively. The Southern Waterfront Supplemental EIR analyzed a number of activities in the Southern Waterfront, some at a program level of detail, others at a project specific level. The Illinois Street Bridge was analyzed at a project specific level of detail which predicated on the lift segment design as it was originally proposed. The EIR was certified by the Planning Commission in February 2001. Subsequent to the certification of the SEIR, the Planning Department prepared an addendum to the SEIR which addresses the environmental consequences of modifications that have been made to the bridge design since SEIR certification and comments or new information that has become available that relates to the Illinois Street Bridge. The addendum to the SEIR concludes that the proposed design modifications, the new information or any change in the circumstances under which the bridge will be undertaken, do not require major revisions to the previous WLUP FEIR or the SEIR because there are no significant environmental effects identified, nor any increases in the severity of previously identified environmental effects. The new information does not result in identification of new or substantially different feasible mitigation measures than those already described in the SEIR.

David Erickson, lives and works in the Spencer Building, which is directly adjacent to the proposed Illinois Street Bridge. Over the last two years, the Southern and Central Waterfront community as well as local property owners have repeatedly expressed their opposition of the construction of the Illinois Street Bridge at that location. They have attended dozens of meetings, generated hundreds of letters and conducted research, on their own time and expense. Should this bridge become a reality, the Spencer building would be completely uninhabitable due to pollution, construction, noise and traffic. Both

the owners and tenants of the building would be forced to leave. The owner, William Spencer, will sustain severe economic losses should the bridge be implemented. To date, the Port has not provided any data on the potential impacts of pollution, traffic, noise or economic losses. They, as a community, have generated and presented the data on the traffic, noise, and pollution that they will experience should the bridge be built on Illinois Street.

Nick Merz, OQO, showed a film regarding the truck traffic on Third Street. He indicated that if the bridge were built, all the truck traffic would be forced off Third Street onto the two lanes on Illinois Street. According to the SEIR, the bridge will host 1,850 trucks a day passing over the bridge and down their block. The current preferred design would put those trucks about 46' in front of the doors and windows of his business. He asked the Commission to consider the impact of the bridge to his business and to the occupants of the building.

Jim Wiltshire, Marine Terminals Corporation, indicated that the Illinois Street Bridge will provide a connection between Pier 80, 90, 92, 94, 96 and ICTF. It would allow them to move containers directly from their facility to ICTF. The bridge would be cost effective to their operation. It would also give them a marketing tool for Pier 80. It would take traffic away from Third and Market Streets.

Francisco Da Costa, Environmental Justice Advocacy, was concerned that a lot of the details in the bridge were not known to the community e.g. some attempts have been made to change the design of the bridge to accommodate a sewer pipe. In making the design changes, the Port and PUC are still having a dialog on this situation. The Commission should understand that 80% of the second reactors of all the sewage from the City goes through this part of the City. If an accident happens such as a broken sewage pipe, there is no emergency plan in place. In the year 2003/2004, the constituents and the political leaders of San Francisco should have an environmental plan regarding this issue. The southeast sector of the City has been a dumping ground for the City. It is time for the Commission to look at Pier 70 and look at it at a different light.

Michael Hamman, member of the Bayview Hunters Point Park Security Committee, the PAC representative to the SWAC, member of the India Basin Neighborhood Association and a resident in the area of the proposed Illinois Bridge, indicated that all the agencies and organizations he's involved and associated with strongly support the creation of the bridge. They support the bridge for the same reason as what was seen on the film presented earlier i.e. traffic on Third Street. Truck traffic is really bad. Change is coming. Someday there will be development in the shipyard that will carry many truck trips. The backlands to the Port will be further developed; again a great many truck trips. The Muni light rail will be on Third Street taking two lanes; hopefully the redeveloped area would generate a great deal of economic activity along Third Street. The Illinois Street Bridge would be the help that Third Street needs today. The Illinois Street Bridge would alleviate the traffic congestion and it is environmentally sound. He urged the Commission to move forward with the project expeditiously.

Andrew Bozeman, Bayview Hunters Point, indicated that economically the bridge is a sound project. The traffic congestion is a vital environmental issue with regard to the air

pollution that comes from the diesel trucks. He thanked staff who dealt with their issues regarding the sewer pipe and made some design changes. San Francisco which was on the forefront of taking care of second-hand smoking needs to address the issue of diesel fuel in the City and begin to push for trucks transitioning to compressed natural gas. It is a way to combat pollution and improve the air in the City especially at Hunters Point which is constantly being assaulted with all kinds of pollution, carcinogens and particulates.

Commissioner Brandon asked for an explanation of the addendum to the EIR. Ms. Diane Oshima explained that the addendum to the EIR addresses the proposed changes to the Illinois Street Bridge design, primarily to respond to community concerns and regulatory requirements that have emerged since certification of the SEIR. The addendum also reviews new information that became available subsequent to the certification of the SEIR. In response to the concerns that Mr. Merz raised in a letter addressed to the Port about diesel emission impacts on the occupants of the 1800 Illinois Building, additional diesel emission air quality analysis was done by ESA. The additional analysis by ESA was done to look at whether they would be adversely at risk. They analyzed what kind of exposure and potential health risk were posed to the occupants of the building and found that the health risks would be lower than those that were identified for long-term residents in the area. Workers generally are not assumed to be in a given area for as long as the resident population. Additional noise analysis was done to look at whether the traffic level that would be created along Illinois Street and Cesar Chavez would be in excess of what's appropriate for the industrial area. There is no evidence that all the traffic on Third Street will move over to Illinois Street. The Port's facilities and the businesses in the immediate area would be attracting the trucks but Third Street is the main arterial for traffic for the City. The EIR does not assume that all the truck trips and traffic are going to be transferred over to Illinois Street. Undeniably, there clearly will be an increase in traffic and trucks if the Illinois Street Bridge is built. They also looked at the noise level to make sure that there was not anything new that would create new pollutants that weren't already addressed in the Waterfront Plan Land Use Plan EIR or the SEIR. The Addendum also touches on all the topical areas that were analyzed in the SEIR such as land use and transportation and found there was no change in impacts for mitigation measures. The air quality analysis in the addendum covers the additional diesel emission analysis in the 1800 Illinois Building. Since the EIR was certified, Mr. Erickson and his group have been working with biologist to do survey and assessment of the wildlife species in the area. Staff wanted to ensure that the findings of that survey were considered to make sure that there weren't going to be any new impacts beyond what's been identified in the SEIR. There were some additional species that were found but none of which were classified as endangered or threatened and the impacts were not found to be any different than what was disclosed in the EIR. They also looked at water quality and hydrology and found no change in impacts. They also found no changes in the impacts of the hazardous materials, geology, soils and seismicity. Questions were raised whether the construction of the bridge would generate new growth. Because a lot of the potential new development in the area have been analyzed, the construction of the bridge would not add anything other than what was analyzed in the EIR.

Commissioner Brandon asked about the mitigation measures and who would be responsible for monitoring the activities. Ms. Oshima replied that included in the staff report is a table of mitigation measure monitoring program which describes the mitigation

measure, implementation responsibility, action required, schedule, monitoring/reporting responsibility and status. Virtually all of the mitigation measures would be handled during the construction process. The Port will be responsible for overseeing the construction. The contractor is obligated to carry out some of the mitigation measures but they would have to be verified and confirmed by the Port. There are a limited number of circumstances that Public Health and other regulatory agencies would be involved with. The Engineering Division of the Port, specifically Nita Mizushima and Kathy Nakazawa would be responsible for the monitoring/reporting requirement.

Commissioner Brandon asked about the purpose of the stipend fee. Ms. Nakazawa explained that issuance of a stipend to the pre-qualified teams is an industry standard that can be used to ensure that quality designs are received for consideration. The Port is evaluating whether stipends will be issued to the candidates after they have submitted the pre-approved 30% designs and bids based on current industry standards for using the design-build project delivery method. The total value of the stipend to be available that is under consideration is $30,000 to be split among the number of pre-qualified candidates. Ms. Nakazawa indicated that the RFQ process and evaluations would take approximately six months. Staff plans to provide the Commission a status report during the process.

Commissioner Brandon suggested that the process should be done in an open forum. The Commission would like to be involved and have input in the process of narrowing down the list of respondents. Staff should make a presentation to the Commission before the list of respondents are narrowed down to the three finalists.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-61 was adopted.

B. Request for authorization to advertise for competitive bids for the construction of the Embarcadero Promenade Pedestrian Improvement, Contract No. 2681. (Resolution No. 02-62)

Mojgan Yousefkhan, Project Manager, presented the item and requested Commission's approval.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-62 was adopted.

C. Request for authorization to execute a contract modification to Contract No. 2671, Maintenance Dredging, with Dutra Dredging Company. (Resolution No. 02-63)

Ken Chu, Project Manager, presented the item and requested Commission's approval.

Commissioner Brandon asked why the contractor did not dredge last month which necessitated the extension of the contract. Mr. Chu replied that it takes a long time for the Port to get the permit.

Mr. Jay Ach, Manager of Regulatory and Environmental Affairs, explained that the permitting process for dredging projects is complicated. It takes approximately six to nine

months from the time it is determined the need to dredge a particular berth to getting the dredging episode completed. The Pier 35 dredging was scheduled to be completed by November 2002 but was deferred to complete dredging at Piers 80 and 92 and Islais Creek. Since no dredging activity is allowed between December 1st of this year and March 1st 2003 due to the herring season and environmental regulations, the contractor is unable to complete dredging at Pier 35 before the current contract expires.

Commissioner Brandon asked if Pier 35 East and West were included in the original contract. Mr. Ach replied to the affirmative.

Commissioner Brandon asked where the $955,000 is coming from. Mr. Chu replied that the existing project cost and the proposed contract modification will be funded from the Port capital funds. The Port allotted $2,570,000 for maintenance dredging in FY 2001/2002 and $2.7 million in FY 2002/2003. There is always demand for maintenance dredging.

Mr. Alex Lee, Director of Engineering & Maintenance, added that there's always more demand for dredging from the Maritime Department than we have money for. Part of the money is coming from Mr. Ach's work. He saved the Port $862,000 in additional cost by having the dredging company dispose the dredged material at Alcatraz instead of bringing it upland.

Commissioner Brandon indicated that dredging of Pier 35 was included in the original $4.3 million contract. She asked if the Port is getting anything extra for the additional $955,000. Mr. Lee explained the dredging process and that after dredging, soundings have to be done.

Commissioner McCarthy reiterated that the completed project used up all the money that was allocated for the entire project and to dredge the two sites would require additional funds.

Ms. Nita Mizushima, Chief Harbor Engineer, explained that Pier 35 is dredged annually. A dredging contract is typically a two-year contract. If it is not done under this contract, it would be done under the next two-year dredging contract but Pier 35 is always dredged. Staff is asking for the contract modification because of the anticipated additional cruise terminal business. Staff would like to have the dredging performed at this time so as not to adversely impact that operation. Staff has obtained excellent prices for the dredging and feels that it is a prudent expenditure of public funds. Staff will again request the Commission for approval of a another two-year dredging as-needed contract that will include Pier 35.

Commissioner Brandon reiterated her concern of expending additional funds for work that should have been done in the original contract.

Mr. Ach explained that the dredging at Islais Creek, which includes the Islais Creek Channel and the Pier 80 and 92 berths, was dredged down to 40+2 feet which vastly increased the volume. It was previously maintained at 35 to 38 feet. In the original budget for this contract, staff had planned on maintaining it at the original depth and not taking it

down any further. The dredging was necessitated by Maritime's new agreements, which increased the Port's maritime business.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-63 was adopted.

D. Request for authorization to award Construction Contract 2677, "Upgrade of Electrical and Telephone Services at Pier 48" to Paganini Electric Corporation. (Resolution No. 02-64)

Kathy Nakazawa, Project Manager, presented the item and requested Commission's approval.

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 02-64 was adopted.

E. Request for authorization to apply for, accept and expend $143,200 in grant funds from the San Francisco Bay Natural Resources Protection Trust for the Pier 94 Wetlands Enhancement Project. (Resolution No. 02-65)

Carol Bach, Asst. Deputy Director, presented the item and requested Commission's approval.

ACTION: Commissioner McCarthy moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-65 was adopted.

F. Request for authorization to advertise a Request for Proposals for As-Needed Engineering and Environmental Consulting Services. (Resolution No. 02-66)

Tom Trimbur, Project Manager, presented the item and requested Commission's approval.

Commissioner McCarthy asked if the other City departments will be consulted first to ascertain their availability before outside consultant services are sought. Mr. Trimbur replied to the affirmative.

Commissioner Brandon asked about the basis for qualifications. Mr. Trimbur replied that there are certain criteria in the proposal that the panel of experts will base their independent analysis on. Some of the criteria will include availability, experience, professional qualifications, etc.

Commissioner Brandon inquired how one consultant with five years of exemplary work would be rated against a consultant with twenty years of mediocre work. Mr. Trimbur replied that it would be the responsibility of the panel of experts to rate each criteria.

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 02-66 was adopted.

7. NEW BUSINESS/PUBLIC COMMENT

Ernestine Weiss thanked the Commissioners and staff for their work to date and the successful development of the waterfront. The community looks forward to the Ferry Building opening in the near future and looks forward to the expansion of the ferry service. She wished everyone the very happiest of holidays.

8. EXECUTIVE SESSION

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.
At 4:00 p.m., the Commission withdrew to executive session to discuss the following:

CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Piers ½, 3 and 31
Person Negotiating: Port: Kenneth Winters, Director of Real Estate
*Hornblower Dining Yachts: Joe Wyman

b. Property: Pier 90
Person Negotiating: Port: Peter Dailey, Director of Maritime
*RMC-Pacific Materials: Joe Sostaric

c. Property: Pier 19/23
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Big C Traders: Joe Gerace

d. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Director of Maritime
*San Francisco Drydock: Carl Hanson

e. Property: Rincon Park Restaurant
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*JMA Associates: Art Chapman

f. Property: Pier 26
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*International Museum of Women: Elizabeth Colton

g. Property: Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality Inc.: Antony Carter

h. Property: Ferry Building
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Ferry Building Investors: Chris Meany

9. RECONVENE IN OPEN SESSION

At 4:48 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval not to disclose any information discussed in executive session; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

10. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor. The meeting was adjourned at 4:48 p.m.